

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2007



*Prepared by the Finance Department
Dennis McFarland, Director*

City of Newark, Delaware

CITY OF NEWARK
DELAWARE

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

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INTRODUCTORY SECTION



FINANCE DEPARTMENT

CITY OF NEWARK

220 Elkton Road • P.O. Box 390 • Newark, Delaware 19715-0390

302-366-7080 • Fax 302-366-7169 • <http://newark.de.us>

July 25, 2008

The Honorable Mayor, Members of City Council
And Citizens of Newark,

I am pleased to submit to you the Comprehensive Annual Financial Report of the City of Newark, Delaware for the fiscal year ended December 31, 2007. This report is published to comply with the provisions of Section 807 of the City Charter. It is also intended to provide financial data to the tax and rate payers, bond holders, trustees, banks, federal and state agencies and the financial community at large.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The financial statements in this report have been audited by Barbacane Thornton & Company, an independent firm of certified public accountants as required by Section 807 of the City Charter. Barbacane Thornton & Company has provided an unqualified opinion on the City of Newark financial statements for the year ended December 31, 2007. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. The MD&A can be found immediately following the report of our independent auditors.

THE REPORTING ENTITY AND ITS SERVICES

The City of Newark is located in the northwestern part of the State of Delaware. Pursuant to Title 22, Delaware Code, 1953, the City was granted the right to exercise all expressed and implied powers and authority of local self-government and home rule under a Charter governed by the Delaware Constitution.

The City has a Council-City Manager form of government with a non-partisan Mayor and six members of Council. The Council members are elected from separate districts for staggered two-year terms. The City Council has responsibility for all legislative matters, including the enactment of all ordinances and resolutions. Policy is formulated by the City Council and Mayor,

with input from the professional staff, as well as resident volunteers who serve on the City's 16 boards and committees.

Administrative responsibilities are vested in a City Manager, who is charged with overseeing the day-to-day operations of the municipal government. Major public services include general administration, public safety, parks and recreation, land use, building code enforcement, refuse collection, residential street repair, snow removal, judiciary and street and stormwater maintenance and improvements. The City also provides the following utility services – electric, water and sewer.

The City Council shall adopt the budget for the ensuing fiscal year not later than the last day of the fiscal year currently ending. This annual budget serves as the foundation of the City's financial planning and control. The City Council approves, by ordinance, total budget appropriations only. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriation of any fund must be approved by the City Council. For management control, appropriations are maintained throughout the accounting system at the department level by object of expenditures.

THE ECONOMY

Newark is one of the State of Delaware's principal economic, industrial and academic centers. The main campus of the University of Delaware is located within the City. The University is a leading scientific and research institution with a special focus on chemical engineering and composite materials. Approximately 21,000 full and part-time undergraduate and graduate students attend the University in Newark. Newark's largest manufacturer is the modern East Coast assembly plant for The Chrysler Corporation that currently produces a line of sport utility vehicles, including the Dodge Durango. Chrysler recently announced that this plant will be closed in 2009. E.I. DuPont de Nemours and Company (agricultural research), Rohm and Haas (silicone wafer polishing compounds), Lear Corporation (automobile components), Gore (GoreTex), FMC (biopolymers) and other major international firms have large facilities in and around the City. Newark is also the home for the state's major hi-tech industrial center – the Delaware Technology Park – located south of the College Square Shopping Center between Library Avenue and Marrows Road. The Bank of America, one of the nation's leading credit card banks, has purchased all of MBNA's corporate campuses in the Newark area. While Newark's industrial sector remains relatively healthy, the City works with area industrial park operators -- including the Delaware Technology Park, the recently established Greater Newark Network, the State and New Castle County Chambers of Commerce and the Delaware Development Office -- to bring new high quality low impact manufacturing firms to Newark. The City offers several tax and related benefits as incentives for high quality industrial growth and recently expanded this program by offering targeted electric rate discounts for new or enlarged industrial facilities.

Regarding transportation, the nation's major East Coast roadway -- I-95 -- passes through the southern portion of the City. In addition, Amtrak provides limited intercity passenger rail service at the City owned and historic Newark Railroad Station. The CSX and Norfolk Southern freight lines pass through the community and provide freight rail connections to all major points along the eastern seaboard.

Beginning in the mid-1980's, Newark has experienced a downtown development boom. Thereafter, in 1998, the City adopted the Downtown Newark Economic Enhancement Strategy, that while focusing primarily on downtown economic development efforts also contains considerable information applicable to the Newark economy in general. One of the key recommendations from the Enhancement Strategy -- the establishment of the tri-partite Downtown Newark Partnership -- has, since its formation, brought together the business community, the City and the University to continue the enhancement of Newark's downtown. Formation of the Partnership has underscored an important aspect of the City's land use policy -- that is, to continue to review annexation and related development requests on the City's fringes for possible negative impacts on development downtown. While not the exclusive home for all of our local restaurants, retailers and offices, downtown remains Newark's commercial heart and soul that embodies to a considerable extent what makes Newark unique.

The City has successfully revitalized its traditional Main Street with an exciting and vibrant mixture of adaptively reused historic and new buildings occupied with street level commercial businesses and apartments on upper floors. The City has specifically targeted pedestrian rather than auto-oriented businesses to limit the traffic impact on Main Street and the demand for off-street parking.

In 2001, one of the City's most acclaimed historic landmarks, the Deer Park Restaurant was fully restored and reopened under new management. This U.S. Department of Interior National Registered property dates from 1851 and has been operated continuously at this location since that time. The restored Deer Park Restaurant, reviewed and approved through the City's strict historic preservation ordinance, has drawn large crowds since reopening in early October 2001. In addition to being one of the City's most notable landmarks and a popular local entertainment center, the Deer Park is a significant business anchor at the west end of Main Street near the edge of the University campus.

Another significant project, the Washington House mixed use condominiums and commercial development, received Council approval in 2005. This now under construction facility, will bring 54 up-scale condominium apartments, commercial space and a two-story parking facility to the site of the former Stone Balloon tavern and concert venue.

At the opposite end of Main Street, the University Courtyard was opened in August, 2001. This attractive garden apartment complex on a 22 acre abandoned brownfield factory site is the City's first privately financed "dormitory" intended to provide high quality apartment amenities for University of Delaware students seeking off-campus housing near University facilities and a short walk from downtown. In addition, the City's first luxury hotel was completed with the opening in March, 2000 of the Embassy Suites on South College Avenue across that roadway from the University of Delaware's sports complex. In 2002, two new hotels were approved by the City -- a Homewood Suites adjoining the Embassy Suites and the Marriot Blue Hen Hotel on the University's north campus -- significantly adding to the City's stock of high quality hostelryes.

As a result of the business community's confidence in Newark, new commercial development now spans the entire length of Main Street with successful new projects on every block beside traditional local businesses that have existed for generations.

Other important economic development initiatives occurred in 1999 and 2000 at the Delaware Technology Park with the addition of two facilities, totaling 50,000 square feet and, shortly thereafter, when the City's last idle downtown industrial site -- the old National Vulcanized Fiber plant on White Clay Creek -- was successfully redeveloped with waterfront dining and shops, 40 apartments, and 107,000 square feet of commercial office space. The original mill at this location was constructed in the early eighteenth century and the current structure, built in 1853, operated as a woolen mill and later produced vulcanized fiber (a composite material) to the early 1990's. Many of the historic structures on the site have been preserved and renovated. The City's creative and flexible approach to planning and zoning that made the project possible were highlighted in the November 11, 2000 edition of the Sunday New York Times.

The local Newark economy is very resilient to a considerable extent because of the presence of the University of Delaware, with the eighth largest per capita endowment of any public university in the United States. The University is the City's single largest employer. The City's April 2007 unemployment rate was 3.0%. The State unemployment rate for the same period was 3.7%. These rates remain well below the national unemployment rate of 4.5%.

Beyond that, however, the diversity and size of the other businesses and industries in Newark and its environs help ensure relatively smooth and stable local economic growth. Moreover, Newark is an industrial, commercial and service hub for New Castle County and nearby counties in Pennsylvania and Maryland -- in addition to our status as the State's principal home for higher education.

New development and redevelopment continues to be the major focus of the City. As noted above, the City has approved many new retail and commercial projects and additional residential units downtown and at other locations. Most of these projects include space for restaurants, pharmacies, banks and other retailers at the street level with apartments above. Other relatively large residential projects have been approved by the City, primarily through annexation. Some of these new facilities have been limited to adults, fifty-five years and older, as part of the City's effort to increase its available housing stock for older Newarkers. This land use goal is particularly important in a community that is very significantly impacted by the continued demand for off-campus housing.

The City is now facing the pending demise of its local Chrysler auto-assembly plant, a main stay of the regional and state economy for decades. Targeted electric rate business incentives that may be especially useful in this case are currently under review. Beyond that, a flexible approach to zoning and related City development requirements -- in ways similar to those developed specifically for the NVF site -- may need to be considered as Newark moves forward to exploit the obvious opportunities inherent in the addition to our local real estate market of a very large industrial tract in the midst of our community.

As part of its efforts to plan for and promote economic development, the City has begun to participate in a recently formed informal network of business, academic and community leaders – the “Greater Newark Network.” The mission of the network is to foster the expansion of employment centers in the greater Newark area, as well as to establish the Newark community as a central point for innovation and a premier destination for advanced research and high-tech 21st Century jobs. To accomplish the mission, the Network intends to work in partnership with the New Castle County Chamber of Commerce and its Economic Development Council, as well as the wider community to achieve the following:

1. Provide a forum where all stakeholders in the economic development process can come together, discuss priorities, develop goals and objectives, and implement plans to promote positive economic outcomes.
2. Capitalize on the vast economic, academic and technology resources existing in the Greater Newark Area to build a strong, vibrant, diverse and sustainable 21st Century local economy.
3. Promote the Greater Newark Area as a regular high-tech corridor.

The Greater Newark Network has begun to hold monthly meetings with members of the New Castle County Economic Development Council with the intent of identifying issues and opportunities and establishing local work groups that will develop action plans in order to address these issues. Work groups will be examining areas including zoning, job retention, marketing to perspective employers and addressing existing roadblocks to responsible and sustainable economic growth.

As the Greater Newark Network’s plans move forward they will be integrated into the City of Newark’s development review system, including the comprehensive planning process, as necessary. As part of this process, the City may also consider adopting new economic incentive programs targeted specifically at recruiting sustainable 21st century high quality industrial growth.

MAJOR INITIATIVES

A key objective for the City is the enhancement of its physical infrastructure to support the provision of vital services and to maintain the quality of its physical assets. To achieve this, the City has in recent years undertaken major investments in its utility operations such as the following:

- The construction of a 318 million gallon water reservoir which went into service in 2006. The reservoir ensures the City’s ability to serve the water needs of its customers even in time of significant drought conditions.
- The expansion and upgrading of its Curtis Mill Water Treatment Plant in 2008. The expansion increased the plant’s treatment capacity by 67%.
- The 2008 completion of the construction of an additional 138kV substation unit at its Kershaw sub-station.

- The commencement of a multi- year program to install a state of the art SCADA system to monitor and control its electric distribution system.
- The planned replacement and repair of major sewer crossings over the Christina Creek.

Taken as a whole, these and other projects will ensure the provision of economic and reliable utility services for years to come.

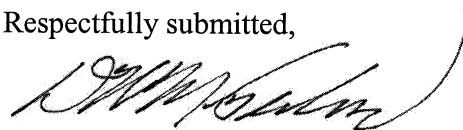
The City has also expanded and improved the range of municipal services it provides to residents. These include:

- The establishment in 2008 of a Community Affairs office intended to provide greater communications with and transparency to the City's residents. This will entail expanded use of internet and electronic media to communicate with residents.
- The upgrading of its information technology infrastructure including both hardware and software elements. In 2008 the City upgraded its major accounting software system and will upgrade its utility billing system in 2009 and its primary land management system in 2010. The City has also moved to a Microsoft Exchange server to support various office functions and plans to establish a wide-area network in 2009 to provide interconnectivity among its various facilities.
- The City, in keeping with its commitment to environmental sustainability, is planning to implement a weekly curbside recycling program in 2009.
- In 2008 the City began offering residents an on-line residential home energy audit to assist them with energy conservation efforts.

ACKNOWLEDGEMENTS

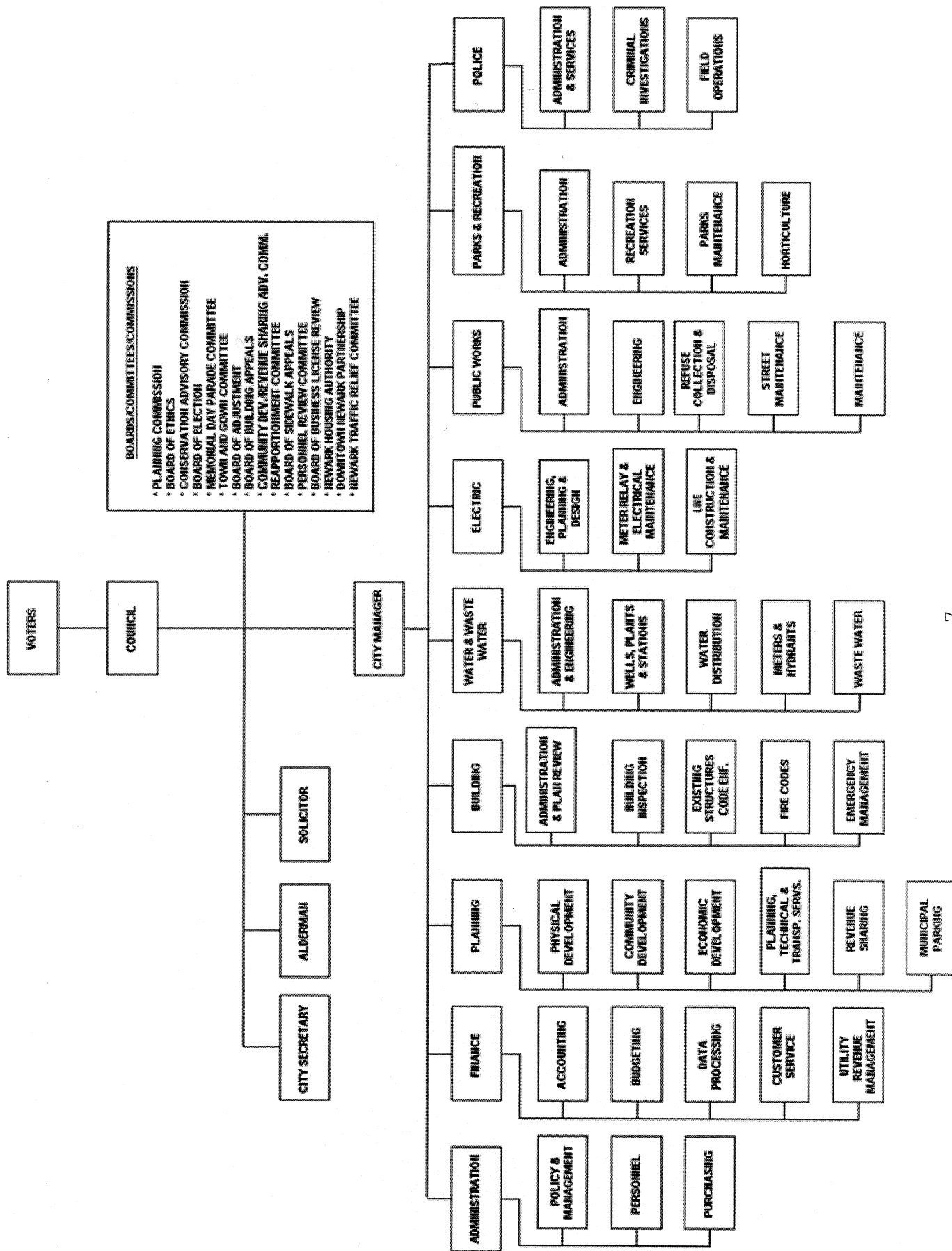
The compilation of the Comprehensive Annual Financial Report in an accurate and timely manner was made possible by the professional and dedicated service of the City's entire financial staff. In particular, Wilma Garriz, Assistant Finance Director, Jim Smith, Accountant and Daina Montgomery, Finance Assistant, deserve thanks for the effort they put into the quality of the presentation.

Respectfully submitted,



Dennis W. McFarland
Finance Director

CITY OF NEWARK, DELAWARE



CITY OF NEWARK

DELAWARE

LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2007

Elected Officials

Mayor	Vance A. Funk, III
Council Member - District 1	Paul J. Pomeroy
Council Member - District 2	Jerry Clifton
Council Member - District 3	Doug Tuttle
Council Member - District 4	David J. Athey
Council Member - District 5	Ezra J. Temko
Council Member - District 6	Stu Markham

Appointed Officials

Interim City Manager	Roy H. Lopata
City Secretary	Patricia M. Fogg
Alderman	Lisa Hatfield
Deputy Alderman	Malcolm S. Cobin
City Solicitor	Roger A. Akin
Deputy City Solicitor	Bruce C. Herron
Assistant to the Interim City Manager	Charles M. Zusag
Assistant to the Interim City Manager	Carol S. Houck
Director of Finance	Dennis McFarland
Interim Director of Planning & Development	Maureen Feeney Roser
Director of Building	Thomas J. Sciulli
Director of Water & Waste Water	Roy A. Simonson
Director of Electric	Rick Vitelli
Director of Public Works	Richard M. Lapointe
Director of Parks & Recreation	Charlie Emerson
Chief of Police	Paul Tiernan

*The individuals listed above are those in office at the time this report was issued.

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

202 Bancroft Building
3411 Silverside Road
Wilmington, Delaware 19810
302.478.8940

FAX: 302.478.0133
www.btcpa.com
info@btcpa.com

July 8, 2008

Members of City Council
City of Newark
Newark, Delaware

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newark, Delaware, as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City's 2006 financial statements and, in our report dated May 31, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newark, Delaware, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 11 - 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, accordingly, express no opinion on it.

Members of City Council
City of Newark

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newark's basic financial statements. The combining fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Barbacane, Thornton & Company
BARBACANE, THORNTON & COMPANY

CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Newark, Delaware, provides an overview of the City's financial performance for the year ended December 31, 2007. Please read it in conjunction with the City's financial statements, which begin on page 20.

FINANCIAL HIGHLIGHTS

- The assets of the City of Newark exceeded its liabilities at the close of the most recent fiscal year by \$73.3 million (representing its net assets). Of this amount, \$19.8 million (or its unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$1.1 million in 2007.
- As of December 31, 2007, the City's governmental funds reported a combined ending funds balance of \$7.9 million, a decrease of \$79,992 from the prior year. Approximately \$696,000 is available for spending at the City's discretion (unreserved fund balance).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 20 and 21, respectively, provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 22. For governmental activities, these statements explain how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

The analysis of the City as a whole begins on page 20 with the Statement of Net Assets and page 21 with the Statement of Activities.

These statements provide information that will help the reader to determine if the City is financially better off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them during the year. The reader can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving. The reader will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's assets, to assess the overall health of the City.

THE CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** – Many of the City's basic services are reported here, including the police, general administration, public works, parks and recreation. Operating transfers from the Electric Fund, property taxes, intergovernmental revenues and franchise fees finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's electric, water, sewer and parking funds are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds provides detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes (Special Revenue Funds) or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies (Capital Projects Funds). The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

Governmental funds. Many of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliations on pages 23 and 25.

Proprietary funds. When the City charges customers for the services it provides, these services generally are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows for proprietary funds.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the City's fiduciary activities (such as Pension Plans) are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)

FINANCIAL ANALYSIS OF THE CITY

Government-wide

Our analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's total activities.

The majority of the outstanding debt of the City was incurred for the acquisition and/or construction of the City's water reservoir. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The balance of unrestricted net assets at the close of 2007, \$19.8 million, may be used to meet these current and ongoing obligations to citizens and creditors. In addition, the City maintains an "Aa" rating from Moody's for its current debt issuances. This is one of Moody's highest ratings and reflects the City's strong financial operations, characterized by substantial reserves, a sizable and affluent tax base and low direct debt position.

Table 1

CITY OF NEWARK STATEMENT OF NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2007						
	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
ASSETS						
Total current assets	\$ 12,156,641	\$11,268,616	\$17,623,530	\$13,029,285	\$ 29,780,171	\$24,297,901
Total noncurrent assets	22,552,890	23,120,863	48,938,335	49,428,007	71,491,225	72,548,870
Total Assets	\$ 34,709,531	\$34,389,479	\$66,561,865	\$62,457,292	\$ 101,271,396	\$96,846,771
LIABILITIES						
Total current liabilities	\$ 2,261,480	\$ 1,568,924	\$ 8,364,705	\$ 4,552,466	\$ 10,626,185	\$ 6,121,390
Total noncurrent liabilities	2,892,497	3,294,310	14,438,790	15,215,705	17,331,287	18,510,015
Total Liabilities	\$ 5,153,977	\$ 4,863,234	\$22,803,495	\$19,768,171	\$ 27,957,472	\$24,631,405
NET ASSETS						
Invested in capital assets, net of related debt	\$ 19,664,200	\$19,738,481	\$33,883,335	\$33,520,059	\$ 53,547,535	\$53,258,540
Unrestricted	9,891,354	9,787,764	9,875,035	9,169,062	19,766,389	18,956,826
Total Net Assets	\$ 29,555,554	\$29,526,245	\$43,758,370	\$42,689,121	\$ 73,313,924	\$72,215,366
Total Liabilities and Net Assets	\$ 34,709,531	\$34,389,479	\$66,561,865	\$62,457,292	\$ 101,271,396	\$96,846,771

CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of 2007, the City's assets exceeded its liabilities by \$73.3 million, which is an increase over the prior year of roughly \$1.1 million. This increase is due to strong financial performance in both the governmental and business-type activities. Governmental activities benefited from higher real estate transfer tax revenues and strong cost management. Business-type activities also benefited from strong cost management and increased utility usage but were adversely affected by a \$3.6 million payment to settle litigation.

Table 2

**CITY OF NEWARK
CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
REVENUES						
Program Revenues:						
Charges for services	\$3,280,858	\$2,923,014	\$60,073,549	\$58,077,957	\$63,354,407	\$61,000,971
Operating Grants & Contributions	2,177,480	2,356,218	-	-	2,177,480	2,356,218
Capital Grants & Contributions	153,996	23,000	86,742	118,094	240,738	141,094
General Revenues:						
Total Taxes	7,714,913	6,208,966	-	-	7,714,913	6,208,966
Fines & Forfeits	1,775,150	1,620,792	-	-	1,775,150	1,620,792
Investment Earnings	328,743	300,130	358,213	266,513	686,956	566,643
Other Revenues	17,608	10,204	6,474	27,603	24,082	37,807
Total Revenues	15,448,748	13,442,324	60,524,978	58,490,167	75,973,726	71,932,491
EXPENSES						
General Government	5,291,456	4,897,378	-	-	5,291,456	4,897,378
Public Safety	9,255,012	8,727,705	-	-	9,255,012	8,727,705
Public Works	5,223,684	5,155,210	-	-	5,223,684	5,155,210
Community Development	308,268	643,663	-	-	308,268	643,663
Culture and Recreation	2,131,537	2,123,181	-	-	2,131,537	2,123,181
Interest Expense	126,851	140,879	-	-	126,851	140,879
Business-type activities	-	-	48,938,360	48,844,962	48,938,360	48,844,962
Total Expenses	22,336,808	21,688,016	48,938,360	48,844,962	71,275,168	70,532,978
Subtotal	(6,888,060)	(8,245,692)	11,586,618	9,645,205	4,698,558	1,399,513
Extraordinary Item	-	-	(3,600,000)	-	(3,600,000)	-
Transfers	6,917,369	9,288,350	(6,917,369)	(9,288,350)	-	-
Change in Net Assets	\$29,309	\$1,042,658	\$1,069,249	\$356,855	\$1,098,558	\$1,399,513

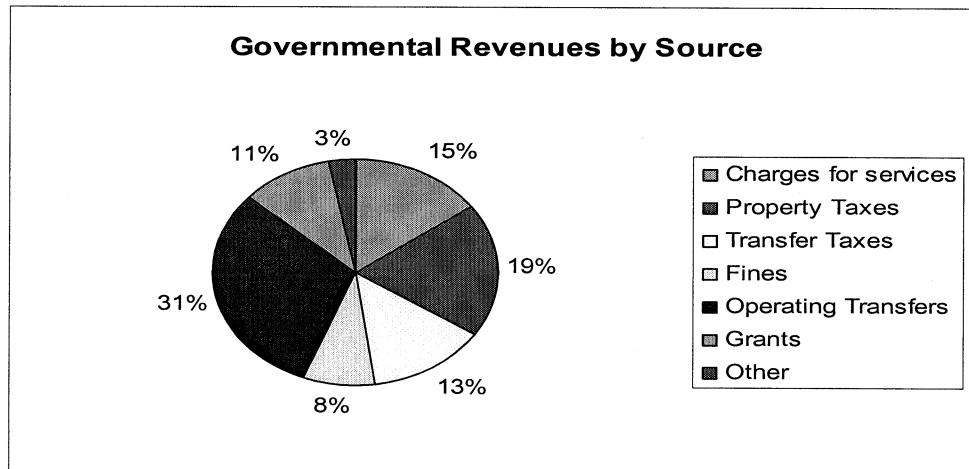
CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)

Governmental Activities

Our analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental activities, and the following 2007 Revenues by Source graph and Net Costs (Table 3).

As the following graph illustrates, operating transfers from the utility Funds, real estate taxes, real estate transfer taxes and program revenues (grants & contributions and charges for services) provide the major funding for our governmental activities. Operating transfers are the largest revenue source accounting for 31 percent of revenues. Property taxes supply 19 percent of funding. Real estate transfer taxes provide 13 percent of revenues and program revenues 26 percent. The City relies on all of these revenues to provide the quality of life to citizens and businesses to which the City Council has always been committed.



As shown in Table 3, the cost of all governmental activities this year was \$22.3 million. Of this amount, our taxpayers financed through City taxes \$7.7 million with the balance funded through program revenues of \$5.6 million, transfers of \$6.9 million and \$2.1 million of miscellaneous revenues. The program revenues were paid by those who directly benefited from the programs (\$3.3 million) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$2.3 million). Public safety programs are the largest spending commitment, accounting for approximately 41 percent of the City's governmental activities expenditures. General administration and public works services account for approximately 24 and 23 percent, respectively, of expenditures.

Table 3

Governmental Activities Net Cost

Functions/Programs	Total Cost of Services	% of Total Cost	Service Charges	Grants	Program Revenues	Net Cost of Services
General Government	\$5,291,456	24%	\$1,566,680	\$343,746	\$1,910,426	\$3,381,030
Public Safety	9,255,012	41%	935,273	445,864	1,381,137	7,873,875
Public Works	5,223,684	23%	193,430	889,307	1,082,737	4,140,947
Community Development	308,268	1%	-	394,828	394,828	(86,560)
Culture & Recreation	2,131,537	10%	585,475	257,731	843,206	1,288,331
Interest Expense	126,851	1%	-	-	-	126,851
Total	\$22,336,808	100%	\$3,280,858	\$2,331,476	\$5,612,334	\$16,724,474

CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)

As shown in Table 2, revenues exceeded expenses by \$29,309 in 2007, resulting in a slight overall increase in net assets thus maintaining the financial strength of the City. General revenues increased in 2007 by \$1,696,322. This revenue increase primarily consists of increases in real estate and transfer taxes and fines.

As shown in Table 2, governmental expenses increased by \$648,792. This increase was caused primarily by inflationary pressures, particularly on labor and benefit expenses.

In 2007 net assets increased by \$29,309 as increases in assets were essentially offset by increases in liabilities.

Business-type Activities

The City provides electric, water and sewer services to its residents. Additionally, it operates several parking lots within its downtown area. These services constitute the business-type activities presented in the City-wide financial statements. Expenses related to these services totaled \$48,938,360 in 2007, essentially unchanged from the prior year. The City Council establishes and collects utility rates and parking fees from users of these systems.

The revenues include investment income in addition to charges for services (operating revenues). The investment income revenues are not specific to an individual program, but to the activities as a whole.

As shown in Table 2, revenues exceeded expenses and transfers by \$4,669,249 in 2007, resulting in an overall increase in net assets which maintained the financial strength of the City. More importantly, these activities supported the transfer of \$6.9 million to fund governmental activities.

The City recorded a \$3.6 million expense as an extraordinary item in 2007 to reflect the settlement of litigation associated with its construction of a water reservoir. For more detail see footnote 14.

In 2007, net assets increased by \$1,069,249; assets increased by \$4,104,573; and liabilities increased by \$3,035,324. Net assets invested in capital increased by \$363,276 while net unrestricted assets increased by \$705,973. This improvement was primarily the result of enhanced financial performance in electric operations and the consequent accumulation of cash.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2007, the City's governmental funds reported combined ending balances of \$7,900,224, a decrease of \$79,992 as compared to the prior year. The bulk of the fund balance is reserved, which means that it is not available for new spending because it has already been committed to pay for: 1) capital improvements, 2) debt service or 3) a variety of other restricted purposes.

CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)

The City maintains a General Fund which serves as the chief operating fund of the City. As of December 31, 2007, the total fund balance of the General Fund was \$696,142, all of which is unreserved. The General Fund balance increased by \$624,929 in fiscal year 2007. Key factors for this increase are as follows:

- Actual revenues were greater than budgeted revenues in the general fund by approximately 17.3 percent, or \$1,931,728. The favorable revenue variance to budget was primarily from higher real estate transfer taxes (\$1,185,245), higher license and permit fees (\$523,106) and higher fines (\$209,314).
- Actual expenditures were less than budgeted expenditures by 2.2 percent, or \$408,658. Favorable budget variances in the Finance, Legislative and Public Works functions were partially offset by negative variances in the Planning and Police functions.
- Interfund transfers, primarily from the electric fund, were utilized to achieve a positive balance in the General Fund.

The City maintains Special Revenue Funds to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Special Revenue Funds include the Community Development Fund, the Law Enforcement Funds and the Parks and Recreation Fund. Revenue sources for these funds include grants from the State and other governmental units as well as interest earnings.

The City maintains a Debt Service Fund to set aside resources to meet current and future obligations of the City. As of December 31, 2007, the fund balance was \$46,618, all of which is reserved.

The City maintains Capital Project Funds to account for major capital acquisitions and construction related to governmental activities separately from the ongoing operating activities. As of December 31, 2007, the fund balance was \$5,081,409 all of which is reserved.

Other governmental funds include two bond funds and a street fund.

The financial statements for the governmental funds can be found on pages 22 - 26 as well as 55 and 56 of this report.

Proprietary Funds

The City maintains four principal proprietary funds related to the provision of utility services and parking. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Electric Fund had total net assets of \$18,301,240 as of December 31, 2007 of which \$9,975,007 was unrestricted. Total net assets increased \$8,365,093. Income before transfers amounted to \$9,472,551. Electric rates were increased in July, 2006 by approximately 6.6% although the impact upon different customer classes varied widely. It is the City's policy that the electric operations target a 20% operating margin.

CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)

The Water Fund had total net assets of \$16,076,203 as of December 31, 2007, a decrease of \$4,085,461 from the prior year. This was due primarily to a \$3.6 million expense incurred to resolve litigation. Of this balance, the unrestricted portion was a negative \$2,496,393. The City is currently considering options to correct this situation. The fund had income before transfers and an extraordinary item of \$1,018,731. The Water Fund also carries roughly \$14.3 million of long term debt associated with the construction of a reservoir.

The Sewer fund had total net assets of \$7,258,042 as of December 31, 2007 of which \$1,873,419 was unrestricted. Total net assets decreased \$3,397,351 during the year. Income before transfers to the General Fund totaled \$1,013,913.

The Parking Fund, the smallest of the proprietary funds, had total net assets of \$2,122,885 as of December 31, 2007. Of this amount, \$523,002 was unrestricted. Total net assets increased \$186,968 during the year. There were no transfers into or out of this fund in 2007.

The financial statements for the proprietary funds can be found on pages 27, 28 and 29 of this report.

Fiduciary Funds

The City maintains two fiduciary funds – the Employees Pension Trust Fund and the Insurance Fund. These funds contain assets held by the City in a trustee capacity. The assets in the Pension Fund pertain to three distinct plans although the plans are collectively managed and administered. These plans are the non-police plan covering civilian, non-sworn, regular full-time employees, the police plan covering all sworn police officers except the Chief of police and the special police plan covering the Chief of Police.

The assets held by the Insurance Fund are committed to funding workers' compensation claims and post-retirement health care costs.

The financial statements for the fiduciary funds can be found on pages 31 and 32, as well as 57 and 58 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedules comparing the City's budget and actual results can be found on page 26.

Actual revenues in the General Fund exceeded budgeted revenues by \$1,931,728 due primarily to increased real estate transfer tax revenues. This was due to several large commercial and industrial real estate transactions which occurred during the year. License and permit fees as well as fines also exceeded budgets due to a revised fee and fine structure adopted during the year. Expenditures were less than budgeted by \$408,658. This was due to strong cost management during the year, particularly in the Finance and Sanitation functions.

The beneficial impact of these higher revenues and lower expenditures resulted in a \$2,340,386 improvement compared to budget.

CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2007 amounts to \$71,487,535, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, and machinery and equipment.

- The capital program for 2007 totaled \$2,544,652. Of this amount, roughly 18 percent was spent on public works including street and storm drainage programs. Another 32 percent was spent in the electric utility on new services, a new substation transformer and lines.

Additional information on the City's capital assets can be found in Note 4 of this report.

Long-term Debt

At December 31, 2007, the City had \$17,940,000 in bonds outstanding versus \$19,175,000 last year – a decrease of 6.4 percent. All the outstanding bonds are general obligation bonds supported by the full faith and credit of the City. The vast majority of the outstanding debt was issued to finance the construction of the water reservoir.

Other long term obligations of the City include \$541,953 of compensated absences which include carry forward vacation and compensatory time.

The City maintains an "Aa" rating from Moody's for its current debt issuances.

Additional information about the City's long-term debt can be found in Note 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City continues to maintain a diversified (65 percent residential, 20 percent commercial and 15 percent industrial) real estate revenue base should there be any short-term fluctuations in any one segment.
- The real estate tax millage was 52 cents per \$100 of assessed value throughout 2007.
- The 2008 annual operating budget for the general fund forecasts an operating budget surplus of \$4,717,198 million.

All of these factors were considered in preparing the City's budget for the 2008 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Finance Director, City of Newark, 220 Elkton Road, Newark Delaware 19711.

General information relating to the City of Newark can be found on its website <http://www.cityofnewarkde.us>.

BASIC FINANCIAL STATEMENTS

CITY OF NEWARK
STATEMENT OF NET ASSETS
DECEMBER 31, 2007
(with Summarized Comparative Data for the Year Ended December 31, 2006)

	Primary Government		Totals	
	Governmental Activities	Business-type Activities	2007	2006
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 2,717,303	\$ 3,148,548	\$ 5,865,851	\$ 4,074,350
Investments	6,190,168	5,888,503	12,078,671	11,620,841
Accounts receivables, net	2,852,234	6,795,614	9,647,848	7,257,837
Taxes receivable	295,707	-	295,707	285,675
Due from other governments	-	740,000	740,000	157
Inventories	45,617	1,011,070	1,056,687	837,993
Prepaid items and deferred charges	51,920	39,795	91,715	217,356
Bond issue costs	3,692	-	3,692	3,692
Total current assets	<u>12,156,641</u>	<u>17,623,530</u>	<u>29,780,171</u>	<u>24,297,901</u>
Noncurrent Assets:				
Capital assets, net:				
Land	4,989,380	8,788,127	13,777,507	13,777,507
Construction in progress	-	-	-	-
Buildings	5,733,431	6,906,547	12,639,978	12,718,405
Improvements	8,913,382	32,538,297	41,451,679	41,670,562
Machinery and Equipment	2,913,007	705,364	3,618,371	4,375,014
Bond issue costs	3,690	-	3,690	7,382
Total noncurrent assets	<u>22,552,890</u>	<u>48,938,335</u>	<u>71,491,225</u>	<u>72,548,870</u>
Total assets	<u>\$ 34,709,531</u>	<u>\$ 66,561,865</u>	<u>\$ 101,271,396</u>	<u>\$ 96,846,771</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 598,564	\$ 3,142,895	\$ 3,741,459	\$ 3,516,029
Customer deposits	341,645	645,577	987,222	840,567
Compensated absences	54,166	6,051	60,217	52,211
Due to other funds	-	-	-	-
Due to other governments	740,000	32,756	772,756	49,086
Accrued interest payable	35,012	165,952	200,964	206,808
Notes payable	-	-	-	4,356
Bonds payable	480,000	765,000	1,245,000	1,240,000
Litigation settlement payable	-	3,600,000	3,600,000	-
Bond premium	-	6,474	6,474	6,474
Other current liabilities	12,093	-	12,093	205,859
Total current liabilities	<u>2,261,480</u>	<u>8,364,705</u>	<u>10,626,185</u>	<u>6,121,390</u>
Noncurrent liabilities:				
Compensated absences	487,497	54,456	541,953	474,277
Deferred revenue	-	3,691	3,691	3,620
Notes payable	-	-	-	-
Bonds payable	2,405,000	14,290,000	16,695,000	17,935,000
Bond premium	-	90,643	90,643	97,118
Total noncurrent liabilities	<u>2,892,497</u>	<u>14,438,790</u>	<u>17,331,287</u>	<u>18,510,015</u>
Total liabilities	<u>5,153,977</u>	<u>22,803,495</u>	<u>27,957,472</u>	<u>24,631,405</u>
Net Assets				
Invested in capital assets, net of related debt	19,664,200	33,883,335	53,547,535	53,258,540
Restricted	-	-	-	-
Unrestricted	9,891,354	9,875,035	19,766,389	18,956,826
Total net assets	<u>29,555,554</u>	<u>43,758,370</u>	<u>73,313,924</u>	<u>72,215,366</u>
Total liabilities and net assets	<u>\$ 34,709,531</u>	<u>\$ 66,561,865</u>	<u>\$ 101,271,396</u>	<u>\$ 96,846,771</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007
(with Summarized Comparative Data for the Year Ended December 31, 2006)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Totals
				Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
General Government	\$ 5,291,456	\$ 1,566,680	\$ 343,746	\$ (3,381,030)	\$ (3,381,030)	(3,012,335)
Public Safety	9,255,012	935,273	445,864	(7,873,875)	(7,873,875)	(7,727,476)
Public Works	5,223,684	193,430	889,307	(4,140,947)	(4,140,947)	(4,072,599)
Community Development	308,268	-	394,828	86,560	86,560	(1)
Culture and Recreation	2,131,537	585,475	103,735	(1,288,331)	(1,288,331)	(1,432,494)
Interest Expense	126,851	-	-	(126,851)	(126,851)	(140,879)
Total governmental activities	22,336,808	3,280,858	2,177,480	(16,724,474)	(16,724,474)	(16,385,784)
Business-type activities:						
Electric	40,222,278	49,511,071	-	-	9,321,682	7,429,149
Water	3,913,342	4,782,907	-	-	923,418	427,539
Sewer	4,214,297	5,022,231	-	-	807,934	1,278,429
Parking	588,443	757,340	-	-	168,897	215,972
Total business-type activities	48,938,360	60,073,549	-	-	11,221,931	9,351,089
Total primary government	\$ 71,275,168	\$ 63,354,407	\$ 2,177,480	(16,724,474)	(5,502,543)	(7,034,695)
General Revenues						
Taxes:						
Real estate taxes				4,433,787	-	4,084,439
Real estate transfer taxes				2,962,355	-	1,842,126
Franchise fees				318,771	-	282,401
Fines and Forfeits				1,775,150	-	1,620,792
Unrestricted investment earnings				328,743	278,038	453,615
Increase (Decrease) in fair value of investments				-	80,175	113,028
Miscellaneous				-	6,474	6,474
Proceeds from sale of capital assets				17,608	17,608	-
Gain (Loss) on sale of capital assets				-	-	31,333
Extraordinary Item				-	(3,600,000)	-
Transfers						
Total General Revenues, Extraordinary Item, and Transfers				6,917,369	(6,917,369)	-
Change in Net Assets				16,753,783	(10,152,682)	8,434,208
Net Assets - Beginning of Year				29,309	1,069,249	1,399,513
Net Assets - End of Year				\$ 29,555,554	\$ 43,758,370	\$ 72,215,366

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWARK
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	Major Funds			Totals	
	General	Capital Projects	Other Governmental Funds	2007	2006
ASSETS					
Cash and cash equivalents	\$ 794,567	\$ 837,472	\$ 843,002	\$ 2,475,041	\$ 2,986,028
Investments	630,061	4,254,379	1,271,706	6,156,146	5,923,052
Accounts receivable	1,917,864	66,229	868,141	2,852,234	1,695,816
Taxes receivable	295,707	-	-	295,707	285,675
Due from other funds	-	-	-	-	635,193
Inventory	-	-	24,935	24,935	13,781
Prepaid items	50,171	-	1,179	51,350	159,801
Total assets	<u>\$ 3,688,370</u>	<u>\$ 5,158,080</u>	<u>\$ 3,008,963</u>	<u>\$ 11,855,413</u>	<u>\$ 11,699,346</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 340,538	\$ 76,671	\$ 129,197	\$ 546,406	\$ 433,910
Customer deposits	341,645	-	-	341,645	328,378
Deferred revenue	2,310,045	-	5,000	2,315,045	2,309,718
Due to other funds	-	-	740,000	740,000	635,036
Other liabilities	-	-	12,093	12,093	12,088
Total liabilities	<u>2,992,228</u>	<u>76,671</u>	<u>886,290</u>	<u>3,955,189</u>	<u>3,719,130</u>
Fund balances:					
Reserved for:					
Capital projects	-	5,081,409	1,407,049	6,488,458	6,482,468
Debt service	-	-	46,618	46,618	46,618
Law enforcement	-	-	489,007	489,007	494,794
Streets	-	-	24,532	24,532	741,359
Parks and recreation	-	-	155,467	155,467	143,764
Unreserved	696,142	-	-	696,142	71,213
Total fund balances	<u>696,142</u>	<u>5,081,409</u>	<u>2,122,673</u>	<u>7,900,224</u>	<u>7,980,216</u>
Total liabilities and fund balances	<u>\$ 3,688,370</u>	<u>\$ 5,158,080</u>	<u>\$ 3,008,963</u>	<u>\$ 11,855,413</u>	<u>\$ 11,699,346</u>

The accompanying notes are an integral part of these financial statements.

City of Newark
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets
December 31, 2007

Total Fund Balance - Governmental Funds	\$ 7,900,224
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Also excluded are \$479,332 of internal service capital assets accounted for in the following line:	22,069,868
Internal service funds are used by management to charge the costs of the operation of machinery, vehicle and building maintenance provided to other departments of the City on a cost-reimbursement basis. The assets and liabilities of the internal service fund is included in the governmental activities in the statement of net assets	710,512
Other long term assets such as bond issue costs are not available to pay for current period expenditures and, therefore, are deferred in the funds	7,382
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	2,315,045
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Bonds Payable	(2,885,000)
Compensated absences	(527,465)
Accrued interest payable	(35,012)
Net assets of governmental activities	<u>\$ 29,555,554</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Major Funds			Other Governmental Funds		Totals	
	General	Capital Projects				2007	2006
REVENUES							
Taxes:							
Real Estate	\$ 4,264,351	\$ -	\$ -	\$ -	\$ -	\$ 4,264,351	\$ 3,799,097
Real estate transfer	2,962,355	-	-	-	-	2,962,355	1,842,126
Franchise	318,771	-	-	-	-	318,771	282,401
Licenses and permits	1,831,706	-	-	-	-	1,831,706	1,460,470
Fines, forfeits and costs	1,712,314	-	62,836	-	-	1,775,150	1,620,792
Interest, dividends and rents	60,373	178,452	67,591	-	-	306,416	216,770
Intergovernmental revenues	323,477	153,996	1,642,944	-	-	2,120,417	2,175,218
Charges for services	1,445,621	-	3,256	-	-	1,448,877	1,462,530
Subvention - University of Delaware	204,000	-	-	-	-	204,000	204,000
Total revenues	<u>13,122,968</u>	<u>332,448</u>	<u>1,776,627</u>			<u>15,232,043</u>	<u>13,063,404</u>
EXPENDITURES							
Current:							
General Government	4,562,260	-	-	-	-	4,562,260	4,346,685
Public Safety	8,621,012	-	245,592	-	-	8,866,604	8,317,059
Public Works	2,983,097	-	1,493,596	-	-	4,476,693	4,550,320
Community Development	-	-	308,268	-	-	308,268	643,663
Culture and recreation	2,197,163	-	18,574	-	-	2,215,737	2,146,234
Change in fair value of investments	-	-	-	-	-	-	(83,360)
Debt Service:							
Principal	-	-	490,000	-	-	490,000	495,000
Interest	-	-	129,003	-	-	129,003	143,097
Capital Outlay	-	825,259	240,568	-	-	1,065,827	1,673,285
Total expenditures	<u>18,363,532</u>	<u>825,259</u>	<u>2,925,601</u>			<u>22,114,392</u>	<u>22,231,983</u>
Deficiency of revenues under expenditures	<u>(5,240,564)</u>	<u>(492,811)</u>	<u>(1,148,974)</u>			<u>(6,882,349)</u>	<u>(9,168,579)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	6,985,908	799,750	919,003	-	-	8,704,661	12,808,252
Transfers out	(1,138,023)	(13,308)	(768,581)	-	-	(1,919,912)	(3,519,901)
Proceeds from the sale of capital assets	17,608	-	-	-	-	17,608	40,889
Refunding bonds issued	-	-	-	-	-	-	-
Payment to be refunded bond escrow agent	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Total other financing sources and uses	<u>5,865,493</u>	<u>786,442</u>	<u>150,422</u>			<u>6,802,357</u>	<u>9,329,240</u>
Net change in fund balances	624,929	293,631	(998,552)			(79,992)	160,661
Fund balances - January 1	71,213	4,787,778	3,121,225			7,980,216	7,819,555
Fund balances - December 31	<u>\$ 696,142</u>	<u>\$ 5,081,409</u>	<u>\$ 2,122,673</u>			<u>\$ 7,900,224</u>	<u>\$ 7,980,216</u>

The accompanying notes are an integral part of these financial statements.

City of Newark
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
December 31, 2007

Net Changes in Fund Balances - Total Governmental Funds **\$ (79,992)**

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets (\$1,065,827) is allocated over
their estimated useful lives as depreciation expense (\$1,538,441). This is the amount
by which depreciation exceeded capital outlays in the current period. (472,614)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds. 199,098

The net effect of various miscellaneous transactions involving capital assets
(i.e., sales, trade-ins, and donations) is to decrease net assets. (29,568)

Repayment of debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net assets:

Bond principal	490,000
Accrued interest payable	5,844

The issuance of long-term debt provides current financial resources to governmental
funds, while the repayment of the principal of long-term debt consumes the current
financial resources of governmental funds. Neither transaction, however, has any effect on
net assets. Also, governmental funds report the effect of bond issuance costs when the debt is
first issued, whereas these amounts are deferred and amortized in the statement of
activities. (3,692)

Internal Service Fund (125)

Some expenses reported in the statement of activities do not require the use
of current financial resources and therefore are not reported as expenditures
in the governmental funds:

Compensated absences	(79,642)
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Change in Net Assets of Governmental Activities \$ 29,309

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Real estate - current	\$ 4,284,330	\$ 4,284,330	\$ 4,225,176	\$ (59,154)
Real estate - delinquent and interest	30,000	30,000	39,175	9,175
Real estate - transfer	1,777,110	1,777,110	2,962,355	1,185,245
Franchise	285,000	285,000	318,771	33,771
Licenses and permits	1,308,600	1,308,600	1,831,706	523,106
Fines, forfeits and costs	1,503,000	1,503,000	1,712,314	209,314
Interest, dividends and rents	80,000	80,000	60,373	(19,627)
Intergovernmental revenues	183,100	183,100	323,477	140,377
Charges for services/fees	1,536,100	1,536,100	1,445,621	(90,479)
Subvention - University of Delaware	204,000	204,000	204,000	-
Total revenues	11,191,240	11,191,240	13,122,968	1,931,728
EXPENDITURES				
Current:				
General government:				
Finance department	1,880,690	1,880,690	1,750,143	130,547
Planning	654,950	654,950	760,322	(105,372)
Administration	720,760	720,760	682,609	38,151
Legislative	1,134,600	1,134,600	1,056,766	77,834
Judicial	300,410	300,410	312,420	(12,010)
Total general government	4,691,410	4,691,410	4,562,260	129,150
Public safety:				
Building	998,330	998,330	967,352	30,978
Police	7,608,280	7,608,280	7,653,660	(45,380)
Total public safety	8,606,610	8,606,610	8,621,012	(14,402)
Public works:				
Highways and streets	1,023,260	1,023,260	975,115	48,145
Sanitation	2,170,090	2,170,090	2,007,982	162,108
Total public works	3,193,350	3,193,350	2,983,097	210,253
Culture and recreation	2,280,820	2,280,820	2,197,163	83,657
Total expenditures	18,772,190	18,772,190	18,363,532	408,658
Deficiency of revenues under expenditures	(7,580,950)	(7,580,950)	(5,240,564)	(2,340,386)
Other Financing Sources (Uses)				
Appropriated fund balance	8,150,030	8,150,030	-	(8,150,030)
Transfers In	-	-	6,985,908	6,985,908
Transfers Out	(619,080)	(619,080)	(1,138,023)	(518,943)
Proceeds from the sale of capital assets	50,000	50,000	17,608	(32,392)
Total other financing sources and uses	7,580,950	7,580,950	5,865,493	(1,715,457)
Net change in fund balances	-	-	624,929	624,929
Fund Balances - January 1	-	-	71,213	71,213
Fund Balances - December 31	\$ -	\$ -	\$ 696,142	\$ 696,142

The accompanying notes are an integral part of these financial statements.

**Governmental
Activities
Internal Service
Fund**

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-Type Activities Enterprise Funds				Totals		Governmental Activities Internal Service Fund	
	Electric	Water	Sewer	Parking	2007	2006	2007	2006
Operating Revenues:								
Charges for service	\$ 49,290,920	\$ 4,688,882	\$ 5,009,670	\$ 754,259	\$ 59,743,731	\$ 57,795,294	\$ 1,325,612	\$ 1,220,627
Penalties and fees	180,144	72,506	12,542	-	265,192	238,020	-	-
Miscellaneous	40,007	21,519	19	3,081	64,626	44,643	-	-
Total operating revenues	49,511,071	4,782,907	5,022,231	757,340	60,073,549	58,077,957	1,325,612	1,220,627
Operating Expenses:								
Personnel	1,711,539	1,565,976	-	351,647	3,629,162	3,663,801	452,833	439,256
Utility purchases	37,087,240	210,038	3,893,969	-	41,191,247	41,256,133	-	-
Materials and supplies	133,891	248,743	14,419	23,440	420,493	443,115	659,867	580,029
Contracted services	413,583	270,560	87,698	105,854	877,695	928,506	149,220	133,128
Depreciation	672,853	983,998	206,948	104,698	1,968,497	1,772,230	62,099	66,221
Other	102,983	1,905	-	2,783	107,671	99,936	1,593	1,993
Total operating expenses	40,122,089	3,281,220	4,203,034	588,422	48,194,765	48,163,721	1,325,612	1,220,627
Operating income	9,388,982	1,501,687	819,197	168,918	11,878,784	9,914,236	-	-
Nonoperating Revenues (Expenses):								
Interest and investment revenue	32,788	70,181	160,808	14,261	278,038	236,846	-	-
Increase in fair value of investments	27,991	14,466	33,908	3,810	80,175	29,668	-	-
Amortization of bond premium	-	6,474	-	-	6,474	6,474	-	-
Interest expense	(10,099)	(627,930)	-	(21)	(638,050)	(681,241)	-	-
Gain on Sale of Capital Assets	-	-	-	-	-	21,129	-	-
Capital Grants	32,889	53,853	-	-	86,742	118,094	-	-
Total nonoperating revenues (expenses)	83,569	(482,956)	194,716	18,050	(186,621)	(269,030)	-	-
Income Before Extraordinary Item & Transfer	9,472,551	1,018,731	1,013,913	186,968	11,692,163	9,645,206	-	-
Extraordinary Item	-	(3,600,000)	-	-	(3,600,000)	-	-	-
Transfers In	3,755,232	200,000	-	-	3,955,232	2,411,649	-	-
Transfers Out	(4,862,690)	(1,704,192)	(4,411,264)	-	(10,978,146)	(11,700,000)	(125)	-
Change in Net Assets	8,365,093	(4,085,461)	(3,397,351)	186,968	1,069,249	356,855	(125)	-
Total Net Assets - January 1	9,936,147	20,161,664	10,655,393	1,935,917	42,689,121	42,332,266	710,637	710,637
Total Net Assets - December 31	\$ 18,301,240	\$ 16,076,203	\$ 7,258,042	\$ 2,122,885	\$ 43,758,370	\$ 42,689,121	\$ 710,512	\$ 710,637

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Fund	
	Totals					2007	2006
	Electric	Water	Sewer	Parking			
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 48,968,662	\$ 4,482,637	\$ 4,587,518	\$ 736,583	\$ 58,775,400	\$ 1,325,487	\$ 1,220,627
Receipts from interfund services provided	-	-	-	-	-	-	-
Customer deposits received	301,084	-	-	-	301,084	-	259,791
Customer deposits returned	(167,696)	-	-	-	(167,696)	-	(246,457)
Other operating receipts	40,007	21,519	19	3,081	64,626	-	44,643
Payments to suppliers for goods and services	(37,749,587)	(606,049)	(4,000,031)	(125,176)	(42,480,843)	(788,439)	(733,278)
Payments to employees for services	(1,717,018)	(1,568,060)	-	(350,207)	(3,635,285)	(450,545)	(436,167)
Payments for interfund services used	(128,342)	(80,413)	(10,775)	(12,563)	(232,093)	-	-
Net cash provided by operating activities	9,547,110	2,249,634	576,731	251,718	12,625,193	86,503	51,182
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Interest paid	(10,099)	-	-	-	(10,099)	-	-
Interfund loans	(740,000)	-	-	-	(740,000)	-	-
Repayments of interfund loans	(2,500,157)	-	2,500,000	-	(157)	-	-
Transfers in	3,755,232	200,000	-	-	3,955,232	-	-
Transfers out	(4,862,690)	(1,704,192)	(4,411,264)	-	(10,978,146)	(125)	-
Net cash used by noncapital financing activities	(4,357,714)	(1,504,192)	(1,911,264)	-	(7,773,170)	(125)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases of capital assets	(822,934)	(511,546)	(47,682)	(96,663)	(1,478,825)	-	(19,008)
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Capital grants received	32,889	53,853	-	-	86,742	-	-
Principal paid on capital debt	-	(745,000)	-	(4,356)	(749,356)	-	-
Interest paid on capital debt	-	(627,930)	-	(21)	(627,951)	-	-
Net cash (used) by capital and related financing activities	(790,045)	(1,830,623)	(47,682)	(101,040)	(2,769,390)	-	(19,008)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of investments	-	1,005,439	1,200,000	-	2,205,439	-	-
Purchase of investments	(2,350,000)	-	-	-	(2,350,000)	-	-
Interest received	32,788	70,181	160,808	14,261	278,038	-	-
Net cash provided (used) by investing activities	(2,317,212)	1,075,620	1,360,808	14,261	133,477	-	-
Net increase (decrease) in cash and cash equivalents	2,082,139	(9,561)	(21,407)	164,939	2,216,110	86,378	32,174
Cash and cash equivalents - January 1	120,676	36,733	466,379	308,650	932,438	155,884	123,710
Cash and cash equivalents - December 31	\$ 2,202,815	\$ 27,172	\$ 444,972	\$ 473,589	\$ 3,148,548	\$ 242,262	\$ 155,884

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Fund	
	Electric	Water	Sewer	Parking	Totals		
					2007	2006	
Reconciliation of operating income to net cash provided by operating activities							
Operating income (loss)	\$ 9,388,982	\$ 1,501,687	\$ 819,197	\$ 168,918	\$ 11,878,784	\$ 9,914,236	\$ -
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	672,853	983,998	206,948	104,698	1,968,497	1,772,230	66,221
(Increase) decrease in assets:							
Accounts receivables, net	(458,110)	(278,821)	(434,694)	(17,676)	(1,189,301)	(1,738,176)	-
Due from other funds	-	-	-	-	-	(36)	-
Allowance for uncollectible accounts	(44,292)	-	-	-	(44,292)	(40,597)	-
Inventory	(200,764)	7,652	19	-	(193,093)	37,898	10,949
Prepaid expenses	6,227	10,561	(4,985)	1,484	13,287	(53,082)	(4,473)
Increase (decrease) in liabilities							
Customer deposits	133,388	-	-	-	133,388	13,334	-
Accounts payable	54,305	26,571	6,419	(7,146)	80,149	(851,397)	(24,604)
Compensated absences	(5,479)	(2,084)	-	1,440	(6,123)	5,935	3,089
Due to other funds	-	-	-	-	-	193	-
Due to other governments	-	-	(16,173)	-	(16,173)	9,826	-
Deferred revenue	-	70	-	-	70	74	-
Total adjustments	158,128	747,947	(242,466)	82,800	746,409	(843,798)	51,182
Net cash provided by operating activities	\$ 9,547,110	\$ 2,249,634	\$ 576,731	\$ 251,718	\$ 12,625,193	\$ 9,070,438	\$ 51,182
Noncash investing, capital, and financing activities:							
Increase (Decrease) in fair value of investments	27,991	14,466	33,908	3,810	80,175	29,668	-
Noncash transfer of capital asset	-	-	-	-	-	12,500	-
Amortization of bond premium	-	6,474	-	-	6,474	6,474	-

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWARK
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007**

	Pension and Insurance Trust Fund
ASSETS	
Cash and cash equivalents	\$ 26,868
Investments	42,103,720
Contributions receivable	<u>224,305</u>
Total Assets	<u><u>42,354,893</u></u>
LIABILITIES	
Accounts payable	<u>92,087</u>
Total Liabilities	<u>92,087</u>
NET ASSETS	
Assets held in trust for employee post employment benefits	<u>42,262,806</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 42,354,893</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWARK
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Pension and Insurance Trust Fund
ADDITIONS	
Contributions:	
Employer contributions	\$ 1,334,167
State aid - police	306,266
Employee	385,723
Total contributions	<u>2,026,156</u>
Investments:	
Investment earnings	32,070
Net increase (decrease) in fair value of investments	3,115,414
Total investment earnings	<u>3,147,484</u>
Total additions	<u>5,173,640</u>
 DEDUCTIONS	
Benefits	2,553,489
Claims	222,906
Administrative expenses	359,383
Total Deductions	<u>3,135,778</u>
 Transfers In	<u>238,290</u>
 Change in Net Assets	2,276,152
Net Assets - January 1	39,986,654
Net Assets - December 31	<u><u>\$ 42,262,806</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Newark complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the fiscal year ended December 31, 2003, the City implemented the new financial reporting requirements of GASB Statements No. 34, as amended, and No. 38, and GASB Interpretation No. 6.

Financial Reporting Entity

The City of Newark, Delaware (the "City") was incorporated in 1852, under the provisions of the State of Delaware. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, streets, sanitation, utilities, health and social services, culture and recreation, public improvements, planning and zoning, and general administration.

The Government Accounting Standards Board established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. The criteria used in determining whether such organizations should be included in the City's financial reporting entity are financial interdependences, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service and special financing relationships.

The City has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity which would exercise such oversight which would result in the City being considered a component unit of the entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. Eliminations of interfund activity have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the last are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds. In addition, the fund financial statements present internal service funds and fiduciary funds by fund type.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement Focus, Basis Of Accounting, And Financial Statement Presentation

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items (nonexchange transactions) are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. Agency funds report only assets and liabilities as they do not have a measurement focus, but do use the accrual basis of accounting.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For governmental fund types, the City considers all revenues to be available if they are collected within 60 days after fiscal year end. Revenues considered susceptible to accrual include property taxes, income taxes, franchise taxes, licenses, interest and dividend income, and grants associated with the current fiscal year. Only the portion of the special assessments receivable due within the current fiscal year is considered to be susceptible to accrual and recognized as revenue in the current fiscal year. All other revenue items are considered measurable and available only when cash is received by the City.

Expenditures are recorded when the related fund liability is incurred (upon receipt of goods or services), except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital assets acquisitions are reported as expenditures in governmental funds. Long-term debt issues and acquisitions under capital leases are reported as other financing sources.

The City reports the following major governmental funds:

General Fund – This fund is used to account for the general operating activities of the City. General government, public safety, public works, parks and recreation, and judiciary offices are financed through this fund with receipts from general property taxes, licenses and permits, investment interest, fines, charges for current services, intergovernmental and other revenue.

Capital Projects Fund – This fund is used to account for the design, construction and improvement of City buildings, land improvements, and the purchase and replacement of vehicles, machinery and equipment.

The City reports the following major proprietary funds:

Electric Fund – Used to account for the operation of an electric distribution system.

Water Fund – Used to account for the operation of a water supply system.

Sewer Fund – Used to account for the operation of a sewage collection system.

Parking Fund – Used to account for the operation of a municipal parking lot system.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The City also reports the following fund types:

Internal Service Fund – This fund is used to account for the operation of machinery, vehicle and building maintenance provided to other departments of the City on a cost-reimbursement basis.

Pension Trust Fund – This fund is used to account for the assets held by the Pension Program in a trustee capacity for the employees of the City. The Pension Program, which is part of the City's legal entity, is a single-employer defined benefit pension plan that provides benefits to City employees.

Insurance Trust Fund – This fund accounts for disability and medical claim payments made for employee job related injuries; it also accounts for post employment benefits paid on behalf of retirees of the City.

All governmental and business-type activities and enterprise funds of the City follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The City also has the option to follow subsequent private-sector guidance for its business-type activities and enterprise funds with certain limitations, but has elected not to do so.

With limited exceptions, the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions include charges by one government function to another where services have been provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the electric, water, sewer and parking proprietary funds and the maintenance internal service fund are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use in certain programs, it is the City's policy to apply cost-reimbursement grant resources first to those programs, followed by bond proceeds, categorical block grants and then by general revenues, as they are needed.

Cash And Cash Equivalents

For the purpose of the statement of cash flows, the proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Allowance For Doubtful Accounts

The City of Newark's water, sewer and electric utilities experience very small losses from uncollectible accounts. Water and sewer fees constitute a lien against real property and

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

can usually be collected in full when title transfers. Accordingly, an allowance for doubtful accounts is funded annually at the rate of .1 percent of annual revenues, excluding adjustment, penalties and miscellaneous revenues. This amount approximates actual losses. Only balances that remain after tax sales are written off each year.

Electric fees do not constitute a lien; however, maintenance of adequate customer deposits, monthly billing and diligent collection procedures minimize losses from uncollectible accounts. Accordingly, an allowance for doubtful accounts is funded annually at the rate of .2 percent of annual revenues, excluding adjustments, penalties and miscellaneous revenues. This amount approximates the City's actual loss experience.

As of December 31, 2007, the allowance for doubtful accounts amounted to \$202,061 in the Electric Fund, \$21,740 in the Water Fund, and \$26,849 in the Sewer Fund.

Inventories And Prepaid Items

Inventories of proprietary fund types are valued at average cost. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets including property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City has defined capital assets as assets with a minimum cost of \$3,000 and an estimated useful life in excess of one year. Capital assets may be purchased or constructed and are recorded at cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the estimated useful lives of the related assets. The City generally uses the following estimated useful lives unless an asset's life has been adjusted based on actual experience:

Buildings	20-40 years	Electric System	15-30 years
Sewer System	50 years	Water System	20-50 years
Improvements	10-20 years	Equipment	5-10 years

Compensated Absences

City employees earn vacation and sick leave depending on their length of service. Sick leave is accumulated at the rate of 15 days per year. Any unused sick leave is paid annually at the rate of one day for every three days accumulated in excess of 90 days. Employees have no vested interest in unused sick leave at termination and, accordingly, the City has no such liability. After 10 years of service, employees may carry forward up to two weeks of vacation time which, if unused, is paid at time of leaving the City. Compensatory time is accumulated as earned, with any unused amounts up to a maximum limit, being paid at time of leaving the City.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and bond issuance costs during the current financial period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Assets And Fund Equity

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary and fiduciary fund statements and "Fund Balance" on governmental fund statements. Net Assets are classified as "Invested in Capital Assets, Net of Related Debt," legally "Restricted" for a specific purpose, or "Unrestricted" and available for appropriation for the general purposes of the fund.

In the governmental fund financial statements, reservations of fund balances represent amounts that are legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation. Designations of fund balances represent tentative management plans that are subject to change.

Property Taxes

Property taxes attach as an enforceable lien on property when levied. Taxes are levied on July 1 and are payable on or before September 30. Taxes paid after the payable date are assessed a five percent penalty for nonpayment and one and one-half percent interest per month thereafter. The City bills and collects its own property taxes. City property tax revenues are recognized on a pro rata basis. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided. The property tax rate for 2007 was 52 cents per \$100 of assessed value.

Use Of Estimates In The Preparation Of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgetary integration is employed as a management control device during the year for the General fund. This budget is adopted on a basis consistent with generally accepted accounting principles.
- b. The City Council adopts legal annual budgets for the General Fund, Proprietary Funds, certain Special Revenue Funds and the Debt Service Fund. The City Council also adopts legal project length budgets for its Capital Projects Funds and certain Special Revenue Funds. Since project periods may differ from the City's fiscal year, a comparison of budgetary information for the combined Capital Projects Funds and certain Special Revenue Funds would not be meaningful and has not been presented in the accompanying financial statements.
- c. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis. Budget appropriations lapse at year-end.
- d. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Expenditures Over Appropriations

For the year ended December 31, 2007, expenditures exceeded appropriations in the general government department of the general fund by \$117,382 and in the public safety department of the general fund by \$45,380. These over expenditures were funded by greater than anticipated revenues in the general fund.

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a written policy for custodial credit risk. At December 31, 2007, the carrying amount of the City's cash accounts and cash on hand was \$5,892,719. The bank balances were \$5,836,815. Of the bank balances, \$200,000 was covered by Federal Depository Insurance. The remaining balance of \$5,636,815 was secured by collateral consisting of uninsured and unregistered investments held by the pledging financial institution but not in the City's name.

The above does not include pension fund deposits reflected in Note 9.

Investments

The City's investments are reported at fair value. The City is authorized to invest in United States Government Securities; Federal Agency Securities; Certificates of Deposits, Time Deposits, and Bankers Acceptances; Corporate Debt Instruments; Repurchase Agreements; Money Market Mutual Funds; the pooled investment fund

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (cont'd)

known as the Delaware Local Government Investment Pool (DELGIP) as authorized by Title 29, Chapter 12 of the Delaware Code; Municipal Obligations that are rated in either of the two highest rating categories by a nationally recognized rating agency; and Guaranteed Investment Contracts. Amounts that may be invested in any one of these categories are subject to percentage limitations as set forth in the City's written Investment Policy.

As of December 31, 2007, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>INVESTMENT MATURITIES (in years)</u>			
		<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>More Than Ten Years</u>
Federal Agency Securities	\$461,721	\$ -	\$256,759	\$180,017	\$24,945
Certificates of Deposit	12,796,153	289,082	10,856,551	1,204,582	445,938
Total	\$13,257,874	\$289,082	\$11,113,310	\$1,384,599	\$470,883

Investments in Federal Agency Securities and Certificates of Deposits are insured, registered, or held by the City or its agent in the City's name.

Credit Risk

The City has no policy regarding credit risk for U.S. Government Securities or Federal Agency Securities.

The City's investments in Federal Agency Securities is comprised of Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Home Loan Bank (FHL), and Federal National Mortgage Association (FNMA) securities. These securities rated AAA by Moody's and Standard & Poor's as of December 31, 2007.

Interest Rate Risk

Interest rate risk is the possibility that an interest rate change could adversely affect an investment's fair value.

The City's investment policy regarding maximum maturity of investments requires the maintenance of adequate liquidity to meet cash flow needs of the City. The portfolio is structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. The portfolio is invested in permitted investments with a stated maturity of no more than five years from the date of purchase unless the security is matched to a specific obligation or debt of the City. To control volatility of the portfolio, the City determines a duration target for the portfolio, not to exceed three years.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (cont'd)

All investment securities purchased by the City or held as collateral on deposits or investments are held in third-party safekeeping at a qualified financial institution that is not a counterparty to the investment transaction.

All securities in the City investment portfolio are held in the name of the City and are free and clear of any lien.

Appropriate City officials and representatives of the depository responsible for, or in any manner involved with, the safekeeping and custody process of the City are bonded.

Concentration of Credit Risk

Concentration of credit risk is the inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification (investments acquired from a single issuer.)

The City's portfolio is diversified to limit exposure to any one issuer. No more than 5% of the City's portfolio is invested in the securities of any single issuer with the following exceptions:

US Treasury	100% maximum
Each Federal Agency	25% maximum
Time Deposits fully insured by FDIC/FSLIC	10% maximum
Each Repurchase Agreement Counterparty	25% maximum
Money Market Mutual Fund	25% maximum
DELGIP	25% maximum

Investments in issuers that represent 5% or more of total investments at December 31, 2007 are as follows:

<u>Investment</u>	<u>Concentration Risk</u>	
	<u>Distribution</u>	<u>Fair Value</u>
Certificates of Deposit (fully insured by FDIC/FSLIC)	100%	\$12,796,153
Total Investments	100%	\$12,796,153

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS

The capital asset activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$4,989,380	\$ -	\$ -	\$4,989,380
Total capital assets not being depreciated	4,989,380	-	-	4,989,380
Capital assets being depreciated				
Buildings	9,453,362	88,369	-	9,541,731
Improvements	12,760,436	513,453	-	13,273,889
Machinery and Equipment	9,709,799	464,005	(245,763)	9,928,041
Total capital assets being depreciated	31,923,597	1,065,827	(245,763)	32,743,661
Less Accumulated Depreciation for:				
Buildings	3,554,530	253,770	-	3,808,300
Improvements	4,001,504	359,003	-	4,360,507
Machinery and Equipment	6,243,462	987,767	(216,195)	7,015,034
Total Accumulated Depreciation	13,799,496	1,600,540	(216,195)	15,183,841
Total capital assets being depreciated, net	18,124,101	(534,713)	(29,568)	17,559,820
Governmental Activities Capital Assets, Net	\$23,113,481	(\$534,713)	(\$29,568)	\$22,549,200

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business Type Activities</u>				
Capital assets not being depreciated:				
Land	\$8,788,127	\$ -	\$ -	\$8,788,127
Total capital assets not being depreciated	8,788,127	-	-	8,788,127
Capital assets being depreciated				
Buildings	16,452,097	1,029,229	-	17,481,326
Improvements	49,239,903	402,641	-	49,642,544
Machinery and Equipment	2,241,515	46,955	(109,189)	2,179,281
Total capital assets being depreciated	67,933,515	1,478,825	(109,189)	69,303,151
Less Accumulated Depreciation for:				
Buildings	9,632,524	942,255	-	10,574,779
Improvements	16,328,273	775,974	-	17,104,247
Machinery and Equipment	1,332,838	250,268	(109,189)	1,473,917
Total Accumulated Depreciation	27,293,635	1,968,497	(109,189)	29,152,943
Total capital assets being depreciated, net	40,639,880	(489,672)	-	40,150,208
Business-Type Activities Capital Assets, Net	\$49,428,007	(\$489,672)	\$ -	\$48,938,335

Depreciation expense was charged to the functions as follows:

General Government	\$342,200
Public Safety	386,812
Public Works	641,840
Culture and Recreation	167,589
Capital assets held by the government's internal service funds are charged to the various functions based on their usage	62,099
Total Depreciation Expense - Governmental Activities	<u>\$1,600,540</u>

Business-type Activities:

Electric	\$672,853
Water	983,998
Sewer	206,948
Parking	104,698
Total Depreciation Expense - Business-type Activities	<u>\$1,968,497</u>

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 **LONG-TERM DEBT**

General Obligation Bonds

General obligation bonds have been issued for both governmental and business-type activities. All bonds outstanding on December 31, 2007 are general obligation debt supported by the full faith and credit of the City.

The 2000 Series General Obligation Bonds were issued to partially reimburse funds advanced for the acquisition of a reservoir site and adjacent open space and to pay the costs of issuing the bonds. The bonds mature September 1, 2003 through September 1, 2020 and bear interest rates that vary from 4.6 percent to 5.1 percent, payable March 1 and September 1. Property tax revenues will be used to pay the principal and interest due on the bonds.

The 2002 Series General Obligation Bonds were issued to provide funds for the construction of a water reservoir and South Wellfield water treatment plant and to pay the costs of issuing the bonds. The bonds mature September 15, 2003 through September 15, 2022 and bear interest at rates that vary from 2.0% to 4.5%, payable March 15 and September 15. Water service fees will be used to pay the principal and interest due on the bonds.

The 2004 Series A General Obligation Bonds were issued to provide funds necessary for the current refunding of the City's General Obligation Bonds, Series of 1993. The bonds mature January 15, 2005 through January 15, 2010 and bear interest at a rate of 2.41percent, payable January 15 and July 15. Property tax revenues will be used to pay the principal and interest due on the bonds.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 2,885,000
Business-type activities	15,055,000
	<u>\$17,940,000</u>

The City's note with Wilmington Trust Company, Inc., used for the purchase of 38,000 square feet of real estate known as Lot #1, was paid in full in 2007.

Annual debt service requirements to maturity for the notes payable are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$480,000	\$115,042	\$765,000	\$605,580
2009	450,000	101,263	790,000	582,630
2010	285,000	89,718	815,000	558,930
2011	130,000	81,915	840,000	526,330
2012	140,000	75,805	870,000	492,730
2013-2017	810,000	271,520	4,865,000	1,915,650
2018-2022	590,000	60,250	6,110,000	828,030
	<u>\$2,885,000</u>	<u>\$795,513</u>	<u>\$15,055,000</u>	<u>\$5,509,880</u>

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 CHANGES IN LONG-TERM LIABILITIES

Long term liability activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Bonds Payable	\$3,375,000	\$ -	(\$490,000)	\$2,885,000	\$480,000
Compensated absences	459,858	1,161,378	(1,079,573)	541,663	54,166
long-term liabilities	<u>\$3,834,858</u>	<u>\$1,161,378</u>	<u>(\$1,569,573)</u>	<u>\$3,426,663</u>	<u>\$534,166</u>
 <u>Business Type Activities:</u>					
Bonds Payable	\$15,800,000	\$ -	(\$745,000)	\$15,055,000	\$765,000
Plus: deferred amounts - bond premium	103,591	-	(6,474)	97,117	6,474
Total bonds payable	<u>15,903,591</u>	<u>-</u>	<u>(751,474)</u>	<u>15,152,117</u>	<u>771,474</u>
Note payable	4,356	-	(4,356)	-	-
Compensated absences	66,631	237,204	(243,328)	60,507	6,051
long-term liabilities	<u>\$15,974,578</u>	<u>\$237,204</u>	<u>(\$999,158)</u>	<u>\$15,212,624</u>	<u>\$777,525</u>

The fund responsible for incurring the compensated absences pays the obligation. The internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. As of December 31, 2007, \$14,198 of internal service funds compensated absences is included in the above amounts.

NOTE 7 INTERFUND TRANSFERS

The composition of interfund transfers as of the year ended December 31, 2007 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$6,985,908	\$1,138,023
Capital Projects Fund	799,750	13,308
Nonmajor Governmental Funds	919,003	768,581
Electric Fund	3,755,232	4,862,690
Water Fund	200,000	1,704,192
Sewer Fund	-	4,411,264
Internal Service Fund	-	125
Insurance Fund	238,290	-
	<u>\$12,898,183</u>	<u>\$12,898,183</u>

Prior to 1996, the City maintained a single operating fund. Since 1996, an annual operating transfer of electric utility revenues is made to the General Fund. Water rates adopted on July 1, 2001 also include \$400,000 in annual support for the General Fund. The City's policy is that general revenues should support 50 percent or more of total General Fund expenditures, with the balance of support funded by operating transfers from the enterprise funds.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 FUND BALANCE

Amounts are reserved for the following purposes:

Debt Service Fund	\$	46,618	(for debt service payments)
Special Revenue - LEF	\$	489,007	(for police grant projects)
Capital Projects	\$	5,081,409	(for approved capital projects)
Streets	\$	24,532	(for street maintenance)
Parks and Recreation	\$	155,467	(for parks and recreation)

NOTE 9 PENSIONS

Plan Description

Substantially all full-time employees of the City are covered by the Amended Pension Plan for Employees of the City of Newark, Delaware, created and operated under Section 2.98 of the City Code. This is a single-employer defined benefit pension plan accounted for as a pension trust fund and administered by the City Council sitting as the Board of Trustees. The defined benefit pension plan is reported in the City's financial statements and is not included in the report of any other public employee retirement system or other entity. Each year, on January 1, Mercer Human Resources Consulting, prepares a complete Pension Plan Actuarial Valuation Report that is available for review in the Finance Department. On a monthly basis, Frank Russell Trust Company and the Principal Financial Group, prepare a performance monitoring report on the investment returns of plan assets. Finance Department staff prepares a separate report which, along with those of the consultants, is transmitted to the Board of Trustees, discussed at regular public meetings and made available for review in the Finance Department.

All full-time municipal employees are eligible to enroll in the plan immediately upon hire. Prior service as a part-time or temporary employee is not considered. Although plan assets are collectively managed and administered, the plan is actually a combination of three plans with distinctly different levels of benefits. Even though there are three benefit levels, all plan assets are available to pay benefits to any plan member. The three plans are:

1. Non-Police – civilian, non-sworn, regular, full-time employees
2. Police – all sworn police officers except the Chief of Police
3. Special Police – the Chief of Police

Non-Police and Special Police employees are entitled to a benefit at 2.1 percent of their final average compensation comprised of base pay plus longevity times years of credited service. For Exempt and Special Police employees, final average compensation equals the average of the employee's 60 highest paid consecutive months of City employment. For members of the Communication Workers of America (white collar) and the American Federation of State, County and Municipal Employees (blue collar), final average compensation equals the average of the employee's 36 highest paid consecutive months of City employment. For Non-Police employees the normal retirement date is the first day of the month coinciding with or next following the latter of the fifth anniversary of the member's plan participation date or the member's 65th birthday. For Special Police the normal retirement date is the later of the employee's 50th birthday or the employee's fifth anniversary of participation in the Plan. The Plan permits early retirement for Non-Police employees at age 55 with the completion of 15 or more years of credited service. The early retirement benefit is actuarially reduced unless the sum of years of service and age is equal to 85. There are no early retirement options for Special Police.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 PENSIONS (cont'd)

Police employees are entitled to a benefit calculated at different rates. For service prior to January 1, 1978, a benefit at 2.2 percent of the final average compensation (the average of the employee's 36 highest paid consecutive months of employment with the City) comprised of base pay plus longevity times years of credited service. For service from January 1, 1978 through December 31, 1987, service credits accumulate at the rate of 2.25 percent for each year of service. For service after December 31, 1987 service credits accumulate at the rate of 2.5 percent for each year of service up to twenty years. Service credits accumulate at the rate of 3.5% per year after twenty years. Police employees are limited to a maximum accrual of service credits in the amount of 67.50.

A Police employee hired on January 1, 1978 would accumulate maximum service credits in the amount of 67.5 percent through December 31, 2007 as illustrated below:

1978-1987	9 Years	X	2.25% per Year	20.25%
1988-2007	19 Years	X	2.5% per Year	47.50%
Subtotal				67.75%
MAXIMUM ALLOWABLE SERVICE CREDIT				67.50%

Normal retirement for Police employees hired before January 1, 1989 is the earlier of (1) the later of the employee's 50th birthday or the fifth anniversary of the member's date of participation in the plan or (2) the completion of 20 years of credited service as a Police employee. For a Police employee hired after January 1, 1989, normal retirement occurs upon the completion of 25 years of credited service as a contributing member. A Police member who has completed 15 or more years of credited service and who terminates employment no more than five years prior to the member's Normal Retirement Date shall be eligible to receive a retirement pension benefit commencing on the first of the month following the member's Normal Retirement Date.

Each employee who is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment may be eligible for a disability pension equal to the employee's accumulated service credits, reduced by any benefits paid under the City's long-term disability insurance program. Police and Special Police employees whose disability results from the discharge of their official duties, shall receive pension benefits of not less than seventy-five percent of their prior December 1 compensation, reduced by any benefits paid under any workmen's compensation law, the City's long-term disability issuance program and 50 percent of actual Social Security Act disability benefits.

If a member terminates employment before becoming eligible for any other benefits under the plan, the member is entitled to a complete refund of the employee's pension contributions. The contributions are refunded with interest, which accumulates at the rate of four percent annually.

With five years or more of credited service, eight vested benefit options of equivalent actuarial value are available as follows:

1. A retirement benefit for the remainder of the employee's life.
2. A retirement benefit for a minimum of five years and then only for the rest of the member's life. If the member does not live for five years after terminating employment, then the beneficiary would continue to receive the benefit for the remainder of the five-year period.
3. A retirement benefit for a minimum of 10 years and then only for the rest of the member's life. If the member does not live for 10 years after terminating

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 PENSIONS (cont'd)

- employment, then the beneficiary would continue to receive the benefit for the remainder of the 10-year period.
4. A retirement benefit for a minimum of 15 years and then only for the rest of the member's life. If the member does not live for 15 years after terminating employment, then the beneficiary would continue to receive the benefit for the remainder of the 15-year period.
 5. A survivor benefit equal to 50% of the employee's benefit after the member's death.
 6. A survivor benefit equal to 66-2/3% of the employee's benefit after the member's death.
 7. A survivor benefit equal to 75% of the employee's benefit after the member's death.
 8. A survivor benefit equal to 100% of the employee's benefit after the member's death.

The contribution percentage for Non-Police and Special Police employees in 2007 was 2.5 percent of current base and longevity pay earned throughout the year.

Police employees of the City are required to contribute a floating percentage of their current base and longevity pay.

The Police employee contribution rate is equal to the City's contribution rate to the police fund for the prior year provided that the rate increase is limited to not more than 2 percent over the previous year's contribution rate and the overall rate does not exceed 7 percent. The Police employee contribution rate was 4.97 percent in 2007.

Annual Pension Cost

The City is required to make annual contributions based on an actuarially computed percentage of covered wages in amounts sufficient to cover normal costs of benefits and amortize the prior service liabilities over a period of 15 years. The annual required contribution for the current year was determined as part of the January 1, 2007 actuarial valuation using the entry age cost method as defined in Section B of GASB Statement No. 27. Since 2000, the City's contribution shortfall over its annual required contribution total \$6,142. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a three-year period.

The unfunded actuarial liabilities are amortized over a closed 30-year period from the valuation date at the valuation rate of 7.5 percent.

Annual required contribution	\$ 1,559,167
Interest on net pension obligation	(8,590)
Adjustment to annual required contribution	<u>9,698</u>
Annual pension cost	1,560,275
Contributions made	1,640,432
Increase in net pension obligation	(80,157)
Net pension obligation, beginning of year	<u>(114,533)</u>
Net pension obligation, end of year	<u>\$ (194,690)</u>

During the year ended December 31, 2007, the plan experienced a 19.0 percent increase in its unfunded actuarial liability. The unfunded actuarial accrued liability increased

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 PENSIONS (cont'd)

\$1,109,268 for Police, increased \$574,252 for Non-Police and increased \$1,683,520 for the Plan as a whole. City costs increased 9.75 percent.

In 2006, the assumed retirement rates for police officers hired before 1989 were updated to reflect actual plan experience. Previously, it was assumed that these officers retired by age 50. Now, their assumed retirement age follows a table of rates, ending at the age at which they attain maximum accumulated service credits (67.5% of final average earnings). Significant actuarial assumptions used in determining the net pension benefit obligation include: (a) rate of return on the investment present and future assets of 7.5 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year, (c) a 2.5 percent employee contribution rate for non-police and a rolling three year average of the prior three years actual contribution rates for police, and (d) the assumption that benefits will not increase after retirement. Assumptions for inflation are implicit in assumptions for the investment rate of return salary increases, and employee contributions. The City's annual employer pension cost for the fiscal year ended December 31, 2007 was \$1,559,167. The contributions for the year by various City funds totaled \$1,640,432 including \$306,266 of funds provided by the State of Delaware.

Plan Membership

As of January 1, 2007, the most recent actuarial valuation, employee membership consisted of:

<u>Non-Police and Participants</u>	<u>Police</u>	<u>Special Police</u>	<u>Total</u>
Active employees	63	159	222
Retired and disabled members receiving benefits	54	79	133
Deferred vested participants	<u>1</u>	<u>11</u>	<u>12</u>
TOTAL	<u>118</u>	<u>249</u>	<u>367</u>

The City's total payroll for all employees covered by Plan for the current year was \$11,478,460. Participation in the Plan is voluntary and virtually all eligible employees have chosen to participate.

Plan Assets

In accordance with GASB No. 25, investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. In 2001, the City hired the Frank Russell Trust Company to manage the investment of pension plan assets. The Russell Company maintains numerous commingled investment funds for qualified public employee pension plans. These investments are not categorized according to the level of risk assumed at year end because they are not represented by securities.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 PENSIONS (cont'd)

Total assets and net assets available for benefits as of December 31, 2007; consisted of the following:

Fixed income mutual funds	\$17,527,335
Large cap equity mutual funds	14,702,223
International equity mutual funds	6,236,279
Small cap equity mutual funds	1,920,526
Government securities fund	538,154
	<u>\$40,924,517</u>

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged and paid by short-term assets of the plan.

Concentration of Plan Assets

As of December 31, 2007 there were no individual investments, other than those backed by the U.S. Government, which constituted five percent or more of the plan's net assets.

Required Supplementary Information – Municipal General Employees Pension Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
1/1/07	\$38,008,260	\$48,564,433	\$10,556,173	78.26%	\$11,478,460	91.97%
1/1/06	35,354,039	44,226,692	8,872,653	75.42%	10,892,965	81.45%
1/1/05	32,017,782	41,509,811	9,492,029	77.13%	10,720,609	88.54%
1/1/04	30,089,369	39,352,244	9,262,875	76.46%	10,323,409	89.73%
1/1/03	28,809,165	36,418,942	7,609,777	79.11%	9,537,252	79.78%
1/1/02	28,999,363	33,307,942	4,308,579	87.06%	9,177,126	46.95%

Schedule of Contributions from Employer and Other Contributing Entities

Year Ended December 31	Annual Required Contribution	City Contribution	Percentage Contributed
2007	\$1,559,167	\$1,640,433	105.21%
2006	1,420,363	1,502,140	105.76%
2005	1,453,304	1,484,557	102.16%
2004	1,438,278	1,374,838	95.59%
2003	1,225,756	1,176,223	95.96%
2002	866,610	932,343	107.59%

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 **RISK MANAGEMENT**

The City maintains commercial insurance coverage for risk of losses relating to general, automotive, police professional, public officials and crime. There has been no significant change in coverage during the past year. On June 23, 2008, City Council approved a \$10.6 million settlement for the litigation regarding the construction of a reservoir. Of this amount, \$3.6 million is above the insurance limit of \$7 million and will be paid by the City directly. There have been no other losses above the insurance limits during the last four years.

The City is self-insured for worker's compensation; however, medical costs related to on-the-job injuries are covered by the City's health insurance provider. The City's compensation payments are calculated based upon a written policy administered by the City. The City maintains an insurance fund for worker's compensation claims and deductible amounts paid to its insurance underwriters. That insurance fund is included in these statements. Resources are allocated to this fund from operating funds. Historically, the City has experienced very few individual claims. On December 31, 2007, there were five outstanding claims.

The City has requested a proposal from an actuarial consultant to determine if it is possible to estimate future claims and liabilities based on available data.

Fiscal Year	Aggregate Liability for Claims 01/01/07	Current Year Claims	Actual Claims Payments	Aggregate Liability for Claims 12/31/07
2007	-	\$222,906	\$222,906	-
2006	-	211,571	211,571	-
2005	-	139,227	139,227	-
2004	-	14,252	14,252	-

NOTE 11 **DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years.

The IRC Section 457 was amended by adding subsection (g), which required the City to amend its Deferred Compensation Plan (DCP) Trust Agreement. In December 1996, the City amended its DCP and amended its existing DCP Trust Agreement to comply with changes in the IRC.

The amended DCP provides that all assets and income of the DCP are held in the DCP Trust for the exclusive benefit of participants and their beneficiaries. Therefore, these assets will no longer be the sole property of the City and will not be subject to the claims of the City's general creditors. In addition, as a result of this change, the assets have been eliminated from the City's balance sheet as of January 1, 1999. All costs and expenses of administering the plan are borne by the participants.

NOTE 12 **POST-RETIREMENT HEALTH CARE BENEFITS**

In addition to providing pension benefits described in Note 9, the City provides certain limited post-retirement health care benefits for employees that meet eligibility requirements. These benefits were included in contracts negotiated with the City's employee bargaining units that became effective April 1, 2001. In exchange for a contribution toward health care premiums, the city obtained a long-term labor agreement,

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 POST-RETIREMENT HEALTH CARE BENEFITS (cont'd)

wage increases below the historical average, a redesign of health benefits and contributions toward active employee health insurance premiums. Currently, thirty retirees meet the eligibility requirements and are receiving benefits. The cost of retiree health care is recognized as an expenditure in the Self-Insurance Trust Fund as premiums are paid. For the year ended December 31, 2007, those costs were \$145,979.

The City will implement the new financial reporting requirements of GASB Statement No. 45, Accounting for Other Post Employment Benefits, for the fiscal reporting year ending December 31, 2008.

NOTE 13 THE DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC.

The City is a member of the Delaware Municipal Electric Corporation (DEMEC). DEMEC is a public corporation constituted as a Joint Action Agency and a wholesale electric utility. DEMEC was established in 1979 and represents nine municipal electric distribution utilities located in the State of Delaware and provides full requirements wholesale electric power supply service to seven of the nine members, including the City, through the operation of owned generation assets and various wholesale supply contracts with external parties.

The City purchases 100% of its electric supply requirements from DEMEC under a long term full requirements service contract that became effective January 1, 2004 and which will remain in effect unless terminated upon one year's written notice by either party. The obligation of the City to purchase and pay for full requirements service, including its allocated costs under any then current forward contract for capacity and energy between DEMEC and a third party in effect as of the date of notice of termination, shall survive the termination of this Agreement.

The City has entered into a separate power sales agreement effective May 1, 2001 to purchase a 47.4% interest in the capacity produced by Unit#1 of the Warren F. "Sam" Beasley Power Station located in Smyrna, Delaware, owned by DEMEC. The City is entitled to 47.4% of all power supply and ancillary products generated from the existing nominal 45 MW natural gas fired combustion turbine generator for the useful life of the facility.

Under the terms of the various agreements, DEMEC is authorized to act as agent for the City in all matters relating to the acquisition and delivery of its wholesale power supply and management of energy cost risk on behalf of the City in the deregulated energy markets.

NOTE 14 LITIGATION

The City has been in litigation regarding the construction of a reservoir near the White Clay Creek. Construction began in June 2002 and was scheduled to be completed in December 2003. The general contractor hired to build the project stopped most work in September 2003 and refused to continue performance of major components of the work, arguing that the project could not be built as designed. After attempts to mediate the dispute, the contract was terminated by the City in early 2004. The contractor filed a civil suit against the City in the U.S. District Court for Delaware alleging breach of contract, defamation, and civil rights violations.

The trial phase of the civil suit initiated by the terminated contractor in 2004 concluded on October 6, 2006. A federal jury awarded the plaintiff \$25 million in civil rights damages for preclusion of the contractor's right to pursue post-termination business without due

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 LITIGATION (cont'd)

process and approximately \$11 million in contract damages. Subsequent to post-trial motions, the judge reduced the contract damages award to \$630,819. The City appealed in the Third U.S. Circuit Court of Appeals in Philadelphia, Pennsylvania. Subsequent to the filing of the appeal, the parties have agreed to enter into a nonbinding mediation to resolve the dispute. Such mediation occurred in May 2008. The City agreed to pay \$10.6 million to settle all claims. Of this amount, \$7 million would be paid by the City's insurance carrier and the \$3.6 million by the City directly. City Council approved this settlement on June 23, 2008.

REQUIRED SUPPLEMENTARY INFORMATION

City of Newark
Pension Funding Progress
December 31, 2007

The following required supplementary information is provided in accordance with GASB Statement No. 25. The plan has an actuarial valuation performed each year and the schedule below presents information for the past six plan years.

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded AAL as a Percentage of Payroll
January 1, 2002	\$28,999,363	\$33,307,942	\$4,308,579	87.06%	\$9,177,126	46.95%
January 1, 2003	\$28,809,165	\$36,418,298	\$7,609,133	79.11%	\$9,537,252	79.78%
January 1, 2004	\$30,089,369	\$39,352,244	\$9,262,875	76.46%	\$10,323,409	89.73%
January 1, 2005	\$32,017,782	\$41,509,811	\$9,492,029	77.13%	\$10,720,609	88.54%
January 1, 2006	\$35,354,039	\$44,226,692	\$8,872,653	79.94%	\$10,892,965	81.45%
January 1, 2007	\$38,008,260	\$48,564,433	\$10,556,173	78.26%	\$11,478,460	91.97%

City of Newark
Schedule of Employer Contributions
December 31, 2007

The following required supplementary information is presented in accordance with GASB Statement No. 25. The plan has an actuarial valuation performed each year and the schedule below presents information for the past six plan years.

Valuation Date	Annual Required Contribution	Actual Contribution	Contribution Excess (Shortfall)
January 1, 2002	\$866,610	\$931,765	\$65,155
January 1, 2003	\$1,225,756	\$1,175,659	(\$50,097)
January 1, 2004	\$1,438,278	\$1,315,935	(\$122,343)
January 1, 2005	\$1,453,304	\$1,542,735	\$89,431
January 1, 2006	\$1,420,363	\$1,502,867	\$82,504
January 1, 2007	\$1,559,167	N/A	N/A

COMBINING FUND STATEMENTS

CITY OF NEWARK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	Capital Projects			Special Revenue Funds					Totals	
	Debt Service	Bond Fund Project #4	Bond Fund Project #6	Street Fund	Community Development Fund	Law Enforcement	Parks and Recreation	2007	2006	
ASSETS										
Cash and cash equivalents	\$ 46,618	\$ 48,089	\$ 87,254	\$ 7,009	\$ 1,453	\$ 492,112	\$ 160,467	\$ 843,002	\$ 857,134	
Investments	-	957,604	314,102	-	-	-	-	1,271,706	1,656,683	
Accounts receivable	-	-	-	576,482	200,175	91,484	-	868,141	809,022	
Due from other funds	-	-	-	-	-	-	-	-	193	
Inventory	-	-	-	24,935	-	-	-	24,935	13,781	
Prepaid expenses	-	-	-	1,118	61	-	-	1,179	11,854	
Total assets	<u>\$ 46,618</u>	<u>\$ 1,005,693</u>	<u>\$ 401,356</u>	<u>\$ 609,544</u>	<u>\$ 201,689</u>	<u>\$ 583,596</u>	<u>\$ 160,467</u>	<u>\$ 3,008,963</u>	<u>\$ 3,348,667</u>	
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ 25,012	\$ 21,689	\$ 82,496	\$ -	\$ 129,197	\$ 44,279	
Deferred revenues	-	-	-	-	-	-	5,000	5,000	36,075	
Due to other funds	-	-	-	560,000	180,000	-	-	740,000	135,000	
Other liabilities	-	-	-	-	-	12,093	-	12,093	12,088	
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>585,012</u>	<u>201,689</u>	<u>94,589</u>	<u>5,000</u>	<u>886,290</u>	<u>227,442</u>	
FUND BALANCES										
Reserved for:										
Capital projects	-	1,005,693	401,356	-	-	-	-	1,407,049	1,694,690	
Debt service	46,618	-	-	-	-	-	-	46,618	46,618	
Law enforcement	-	-	-	-	-	489,007	-	489,007	494,794	
Streets	-	-	-	24,532	-	-	-	24,532	741,359	
Parks and recreation	-	-	-	-	-	-	155,467	155,467	143,764	
Total fund balances	<u>46,618</u>	<u>1,005,693</u>	<u>401,356</u>	<u>24,532</u>	<u>-</u>	<u>489,007</u>	<u>155,467</u>	<u>2,122,673</u>	<u>3,121,225</u>	
Total liabilities and fund balances	<u>\$ 46,618</u>	<u>\$ 1,005,693</u>	<u>\$ 401,356</u>	<u>\$ 609,544</u>	<u>\$ 201,689</u>	<u>\$ 583,596</u>	<u>\$ 160,467</u>	<u>\$ 3,008,963</u>	<u>\$ 3,348,667</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Capital Projects		Special Revenue Funds					Totals	
	Debt Service	Bond Fund Project #4	Bond Fund Project #6	Street Fund	Community Development Fund	Law Enforcement	Parks and Recreation	2007	2006
REVENUES									
Interest, dividends and rents	\$ -	\$ 38,573	\$ 29,018	\$ -	\$ -	\$ -	\$ -	\$ 67,591	\$ 43,073
Intergovernmental revenues	-	-	-	889,307	394,828	328,532	30,277	1,642,944	1,805,368
Penalties and Fees	-	-	-	-	-	62,836	-	62,836	18,466
Charges for services	-	-	-	811	-	2,445	-	3,256	13,060
Total revenues	-	38,573	29,018	890,118	394,828	393,813	30,277	1,776,627	1,879,967
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	245,592	-	245,592	187,297
Public Works	-	-	-	1,493,596	-	-	-	1,493,596	1,454,323
Community Development	-	-	-	-	308,268	-	-	308,268	643,663
Culture and recreation	-	-	-	-	-	-	18,574	18,574	16,555
Change in fair value of investments	-	-	-	-	-	-	-	-	(15,303)
Debt Service:									
Principal	490,000	-	-	-	-	-	-	490,000	495,000
Interest	129,003	-	-	-	-	-	-	129,003	143,097
Capital Outlay	-	-	-	-	-	154,008	-	240,568	154,882
Total expenditures	619,003	-	-	1,493,596	394,828	399,600	18,574	2,925,601	3,079,514
Excess (deficiency) of revenues over (under) expenditures	(619,003)	38,573	29,018	(603,478)	-	(5,787)	11,703	(1,148,974)	(1,199,547)
OTHER FINANCING SOURCES (USES)									
Transfers in	619,003	-	-	300,000	-	-	-	919,003	1,388,096
Transfers out	-	-	(355,232)	(413,349)	-	-	-	(768,581)	(176,405)
Total other financing sources and (uses)	619,003	-	(355,232)	(113,349)	-	-	-	150,422	1,211,691
Net change in fund balances	-	38,573	(326,214)	(716,827)	-	(5,787)	11,703	(998,552)	12,144
Fund balances - January 1	46,618	967,120	727,570	741,359	-	494,794	143,764	3,121,225	3,109,081
Fund balances - December 31	\$ 46,618	\$ 1,005,693	\$ 401,356	\$ 24,532	\$ -	\$ 489,007	\$ 155,467	\$ 2,122,673	\$ 3,121,225

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007

	Employees Pension Trust Fund	Insurance Fund	2007	2006
ASSETS				
Cash and cash equivalents	\$ -	\$ 26,868	\$ 26,868	\$ 35,619
Investments	40,924,517	1,179,203	42,103,720	39,840,264
Contributions receivable	224,305	-	224,305	97,555
Prepaid expenses	-	-	-	20,784
Total Assets	<u>\$ 41,148,822</u>	<u>\$ 1,206,071</u>	<u>\$ 42,354,893</u>	<u>\$ 39,994,222</u>
LIABILITIES				
Accounts payable	\$ -	\$ 92,087	\$ 92,087	\$ 7,568
Total Liabilities	<u>-</u>	<u>92,087</u>	<u>92,087</u>	<u>7,568</u>
NET ASSETS				
Assets held in trust for employee post employment benefits	41,148,822	1,113,984	42,262,806	39,986,654
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 41,148,822</u>	<u>\$ 1,206,071</u>	<u>\$ 42,354,893</u>	<u>\$ 39,994,222</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Pension Trust Fund	Insurance Fund	2007	2006
ADDITIONS				
Contributions:				
Employer contributions	\$ 1,334,167	\$ -	\$ 1,334,167	\$ 1,223,283
State aid - police	306,266	-	306,266	278,857
Employee	385,723	-	385,723	384,544
Total contributions	<u>2,026,156</u>	<u>-</u>	<u>2,026,156</u>	<u>1,886,684</u>
Investments:				
Investment earnings	-	32,070	32,070	33,840
Net increase in fair value of investments	3,105,967	9,446	3,115,413	4,183,390
Total investment earnings	<u>3,105,967</u>	<u>41,516</u>	<u>3,147,483</u>	<u>4,217,230</u>
Total additions	<u>5,132,123</u>	<u>41,516</u>	<u>5,173,639</u>	<u>6,103,914</u>
DEDUCTIONS				
Benefits	2,407,510	145,979	2,553,489	2,392,611
Claims	-	222,906	222,906	201,570
Administrative expenses	343,853	15,530	359,383	330,586
Total Deductions	<u>2,751,363</u>	<u>384,415</u>	<u>3,135,778</u>	<u>2,924,767</u>
Transfer In	-	238,291	238,291	-
Change in Net Assets	2,380,760	(104,608)	2,276,152	3,179,147
Net Assets - January 1	38,768,062	1,218,592	39,986,654	36,807,507
Net Assets - December 31	<u>\$ 41,148,822</u>	<u>\$ 1,113,984</u>	<u>\$ 42,262,806</u>	<u>\$ 39,986,654</u>

The accompanying notes are an integral part of these financial statements.

STATISTICAL SECTION

City of Newark, Delaware
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 17,674,995	\$ 18,057,618	\$ 19,167,547	\$ 19,738,481	\$ 19,664,200
Restricted	-	4,998,277	-	-	-
Unrestricted	8,533,507	3,937,233	9,316,040	9,787,764	9,891,354
Total governmental activities net assets	<u>\$ 26,208,502</u>	<u>\$ 26,993,128</u>	<u>\$ 28,483,587</u>	<u>\$ 29,526,245</u>	<u>\$ 29,555,554</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 31,179,107	\$ 31,386,812	\$ 31,916,587	\$ 33,520,059	\$ 33,883,335
Restricted	-	-	-	-	-
Unrestricted	17,604,911	19,914,679	10,415,679	9,169,062	9,875,035
Total business-type activities net assets	<u>\$ 48,784,018</u>	<u>\$ 51,301,491</u>	<u>\$ 42,332,266</u>	<u>\$ 42,689,121</u>	<u>\$ 43,758,370</u>
Primary government					
Invested in capital assets, net of related debt	\$ 48,854,102	\$ 49,444,430	\$ 51,084,134	\$ 53,258,540	\$ 53,547,535
Restricted	-	4,998,277	-	-	-
Unrestricted	26,138,418	23,851,912	19,731,719	18,956,826	19,766,389
Total primary government net assets	<u>\$ 74,992,520</u>	<u>\$ 78,294,619</u>	<u>\$ 70,815,853</u>	<u>\$ 72,215,366</u>	<u>\$ 73,313,924</u>

Notes:

Fifth year of full-accrual basis accounting.
Prior years statistics are not available.

City of Newark, Delaware
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General Government					
Public Safety	\$ 4,146,875	\$ 4,405,092	\$ 4,895,612	\$ 4,897,378	\$ 5,291,456
Public Works	7,455,881	7,778,963	8,380,903	8,727,705	9,255,012
Community Development	4,907,229	4,977,832	5,185,938	5,155,210	5,223,684
Culture and Recreation	339,837	520,893	349,775	643,663	308,268
Interest Expense	2,002,847	2,201,564	1,979,929	2,123,181	2,131,537
Total governmental activities expenses	235,911	209,969	154,763	140,879	126,851
Business-type activities:					
Electric	19,088,580	20,094,313	20,946,920	21,688,016	22,336,808
Water	25,670,132	24,223,237	36,021,168	40,127,409	40,222,278
Sewer	4,042,736	3,720,485	3,810,564	4,191,572	3,913,342
Parking	3,203,422	3,144,327	3,402,353	3,987,793	4,214,297
Total business-type activities expenses	408,780	499,075	508,099	538,188	588,443
Total primary government expenses	33,325,070	31,587,124	43,742,184	48,844,962	48,938,360
	<u>\$ 52,413,650</u>	<u>\$ 51,681,437</u>	<u>\$ 64,689,104</u>	<u>\$ 70,532,978</u>	<u>\$ 71,275,168</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 1,446,950	\$ 1,378,055	\$ 1,467,235	\$ 1,544,438	\$ 1,566,680
Public Safety	455,618	724,281	614,251	589,566	935,273
Public Works	307,444	346,604	345,565	214,556	193,430
Culture and Recreation	512,050	509,959	508,156	574,454	585,475
Operating Grants and Contributions	1,818,619	2,856,355	2,079,616	2,356,218	2,177,480
Capital Grants and Contributions	1,188,028	314,611	27,300	23,000	153,996
Total governmental activities program revenues	5,728,709	6,129,865	5,042,123	5,302,232	5,612,334
Business-type activities:					
Charges for services:					
Electric	31,312,949	31,749,114	34,773,723	47,556,558 ²	49,511,071
Water	4,654,053	4,455,146	4,658,273	4,501,017	4,782,907
Sewer	4,212,858	4,207,934	3,293,750	5,266,222	5,022,231
Parking	493,387	578,383	648,538	754,160	757,340
Capital Grants and Contributions	-	58,231	585,189	118,094	86,742
Total business-type activities program revenues	40,673,247	41,048,808	43,959,473	58,196,051	60,160,291
Total primary government program revenues	<u>\$ 46,401,956</u>	<u>\$ 47,178,673</u>	<u>\$ 49,001,596</u>	<u>\$ 63,498,283</u>	<u>\$ 65,772,625</u>
Net (expense)/revenue					
Governmental activities	\$ (13,359,871)	\$ (13,964,448)	\$ (15,904,797)	\$ (16,385,784)	\$ (16,724,474)
Business-type activities	7,348,177	9,461,684	217,289	9,351,089	11,221,931
Total primary government net expense	<u>\$ (6,011,694)</u>	<u>\$ (4,502,764)</u>	<u>\$ (15,687,508)</u>	<u>\$ (7,034,695)</u>	<u>\$ (5,502,543)</u>

City of Newark, Delaware
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Real estate taxes	\$ 3,161,145	\$ 3,517,228	\$ 3,654,026	\$ 4,084,439	\$ 4,433,787
Real estate transfer taxes	1,328,656	1,810,110	2,291,841	1,842,126	2,962,355
Franchise fees	255,354	275,102	283,799	282,401	318,771
Fines and forfeits	1,239,830	1,329,392	1,646,455	1,620,792	1,775,150
Investment earnings	207,186	260,686	255,169	216,770	328,743
Increase (decrease) in fair value of investments	(246,695)	(39,786)	(220,807)	83,360	-
Proceeds from sale of capital assets	-	-	-	-	17,608
Gain (loss) on sale of capital assets	10,890	41,844	(4,424)	10,204	-
Transfers	9,551,606	7,554,498	9,489,197	9,288,350	6,917,369
Total governmental activities	15,507,972	14,749,074	17,395,256	17,428,442	16,753,783
Business-type activities:					
Investment earnings	740,125	660,998	620,250	236,845	278,038
Increase (decrease) in fair value of investments	(518,472)	(57,185)	(324,041)	29,668	80,175
Miscellaneous	6,474	6,474	6,474	6,474	6,474
Gain on sale of capital assets	-	-	-	21,129	-
Extraordinary Item	-	-	-	-	(3,600,000)
Transfers	(9,551,606)	(7,554,498)	(9,489,197)	(9,288,350)	(6,917,369)
Total business-type activities	(9,323,479)	(6,944,211)	(9,186,514)	(8,994,234)	(10,152,682)
Total primary government	\$ 6,184,493	\$ 7,804,863	\$ 8,208,742	\$ 8,434,208	\$ 6,601,101
Change in Net Assets					
Governmental activities	\$ 2,148,101	\$ 784,626	\$ 1,490,459	\$ 1,042,658	\$ 29,309
Business-type activities	(1,975,302)	2,517,473	(8,969,225)	356,855	1,069,249
Total primary government	\$ 172,799	\$ 3,302,099	\$ (7,478,766)	\$ 1,399,513	\$ 1,098,558

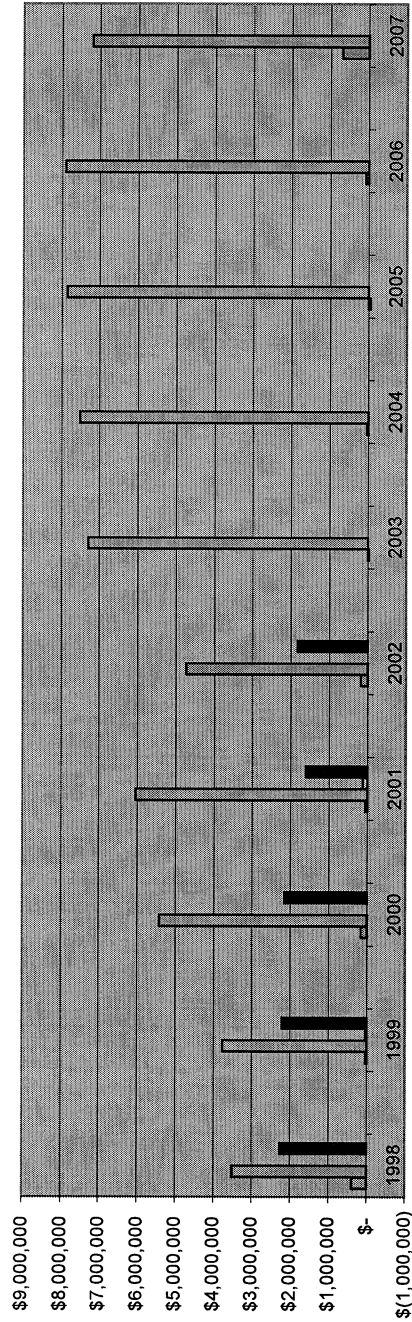
Notes:

¹ The increase reflects changes in the wholesale electric market during 2005.

² Electric rates were increased approximately 6.6 percent in July of 2006.

³ Includes tax from the sale of the Chrysler assembly plant in the amount of \$803,735. Fifth year of full-accrual basis accounting. Prior years statistics are not available.

City of Newark, Delaware
Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)



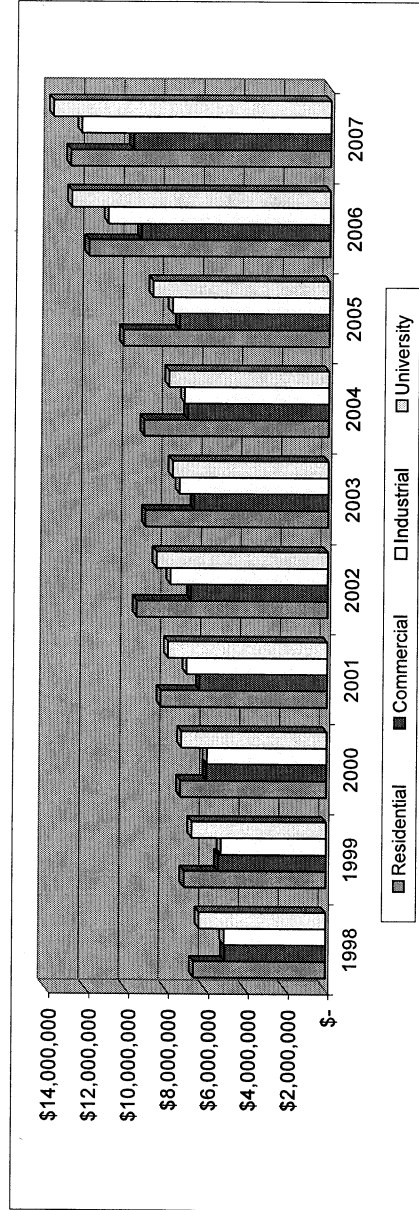
■ General fund ■ Reserved Funds ■ Special revenue funds ■ Capital projects fund

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved	\$ 23,261	\$ -	\$ 28,658	\$ 19,570	\$ 40,982	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (deficit)	371,352	30,610	135,511	40,627	135,073	(28,512)	39,041	(50,417)	71,213	696,142
Total general fund	<u>\$ 394,613</u>	<u>\$ 30,610</u>	<u>\$ 164,169</u>	<u>\$ 60,197</u>	<u>\$ 176,055</u>	<u>\$ (28,512)</u>	<u>\$ 39,041</u>	<u>\$ (50,417)</u>	<u>\$ 71,213</u>	<u>\$ 696,142</u>
All other governmental funds										
Reserved	\$ 3,519,919	\$ 3,764,594	\$ 5,427,001	\$ 6,044,724	\$ 4,736,266	\$ 7,307,919	\$ 7,528,331	\$ 7,869,972	\$ 7,909,003	\$ 7,204,082
Unreserved, reported in:										
Special revenue funds	-	30,243	807	123,805	-	-	-	-	-	-
Capital projects fund	2,274,724	2,219,225	2,159,247	1,614,826	1,842,672	-	-	-	-	-
Total all other governmental funds	<u>\$ 5,794,643</u>	<u>\$ 6,014,062</u>	<u>\$ 7,587,055</u>	<u>\$ 7,783,355</u>	<u>\$ 6,578,938</u>	<u>\$ 7,307,919</u>	<u>\$ 7,528,331</u>	<u>\$ 7,869,972</u>	<u>\$ 7,909,003</u>	<u>\$ 7,204,082</u>

City of Newark, Delaware
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 3,824,350	\$ 4,430,275	\$ 4,160,107	\$ 4,563,477	\$ 4,871,086	\$ 4,892,647	\$ 5,517,443	\$ 6,139,393	\$ 5,923,624	\$ 7,545,477
Licenses and permits	969,983	1,067,297	1,382,784	1,094,121	1,091,787	1,347,457	1,621,234	1,529,526	1,460,470	1,831,706
Fines, forfeits and costs	1,431,219	1,413,629	1,627,778	1,563,335	1,532,289	1,239,830	1,329,392	1,646,455	1,620,792	1,775,150
Investment earnings	679,541	630,081	757,372	529,586	332,525	207,186	260,686	255,169	216,770	306,416
Intergovernmental revenues	1,532,164	1,926,619	1,907,847	2,019,193	2,622,421	2,802,647	2,973,666	1,902,916	2,175,218	2,120,417
Charges for services/fees	678,902	767,403	730,510	767,189	928,682	1,374,605	1,337,665	1,405,681	1,462,530	1,448,877
Subvention-University of Delaware	120,000	144,000	174,000	204,000	204,000	204,000	197,300	204,000	204,000	204,000
Miscellaneous	103,383	100,579	92,701	84,514	90,281	-	-	-	-	-
Total revenues	9,339,522	10,479,883	10,833,099	10,825,415	11,673,071	12,068,372	13,237,386	13,083,140	13,063,404	15,232,043
Expenditures										
General government	2,929,537	3,164,863	3,156,301	3,414,896	3,507,944	3,777,909	4,041,046	4,314,201	4,346,685	4,562,260
Public safety	5,347,461	5,219,648	5,769,784	6,039,881	6,670,740	7,358,245	7,491,990	8,029,046	8,317,059	8,866,604
Public works	3,640,402	3,896,745	4,004,350	4,187,026	4,158,446	4,509,931	4,489,928	4,660,427	4,550,320	4,476,693
Community development	-	-	-	-	-	-	520,893	349,775	643,663	308,268
Culture and recreation	1,484,844	1,473,690	1,574,262	1,664,863	1,730,745	1,953,531	2,050,359	2,102,916	2,146,234	2,215,737
Interest	8,902	-	-	-	-	-	-	-	-	-
(Increase) decrease in fair value of investments	-	620,415	(348,072)	(153,727)	(114,175)	246,695	39,786	220,807	(83,360)	-
Capital outlay	1,238,873	1,253,482	1,435,294	2,053,319	3,806,245	2,574,178	1,278,621	2,003,627	1,673,285	1,065,827
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	425,000	420,000	415,000	515,000	480,000	480,000	480,000	505,000	495,000	490,000
Interest and other charges	200,252	185,255	169,601	245,610	261,505	241,131	208,542	157,089	143,097	129,003
Total expenditures	15,275,271	16,234,098	16,176,520	17,966,868	20,501,450	21,141,620	20,601,165	22,342,888	22,231,983	22,114,392
Excess of revenues over (under) expenditures	(5,935,749)	(5,754,215)	(5,343,421)	(7,141,453)	(8,828,379)	(9,073,248)	(7,363,779)	(9,259,748)	(9,168,579)	(6,882,349)
Other financing sources (uses)										
Transfers in	8,441,156	7,261,268	8,778,587	8,733,500	10,548,195	12,276,503	13,268,700	12,947,274	12,808,252	8,704,661
Transfers out	(2,095,957)	(1,679,308)	(4,361,987)	(1,584,071)	(2,840,893)	(2,724,897)	(5,714,202)	(3,458,077)	(3,519,901)	(1,919,912)
Proceeds from debt	-	-	2,597,201	-	-	-	35,000	-	-	-
Bond issuance costs	-	-	-	-	-	-	(22,150)	-	-	-
Proceeds from sales of capital assets	56,300	27,671	36,172	84,352	32,518	46,056	84,396	22,734	40,889	17,608
Total other financing sources (uses)	6,401,499	5,609,631	7,049,973	7,233,781	7,739,820	9,597,662	7,651,744	9,511,931	9,329,240	6,802,357
Net change in fund balances	\$ 465,750	\$ (144,584)	\$ 1,706,552	\$ 92,328	\$ (1,088,559)	\$ 524,414	\$ 287,965	\$ 252,183	\$ 160,661	\$ (79,992)
Debt service as a percentage of noncapital expenditures	3.0%	2.8%	2.8%	3.2%	2.9%	2.6%	2.5%	2.5%	2.4%	2.3%

City of Newark, Delaware
Electric Usage and Actual Sales Totals
Last Ten Fiscal Years



ACTUAL	RESIDENTIAL			COMMERCIAL			INDUSTRIAL			UNIVERSITY			TOTALS		
	K.W.H.'S	AMOUNT	AVG RATE	K.W.H.'S	AMOUNT	AVG RATE	K.W.H.'S	AMOUNT	AVG RATE	K.W.H.'S	AMOUNT	AVG RATE	K.W.H.'S	AMOUNT	AVG RATE
1998	79,049,242	\$ 6,624,174	0.084	58,738,947	\$ 5,070,990	0.086	77,557,423	\$ 5,101,162	0.066	119,310,492	\$ 6,350,121	0.053	334,656,104	\$ 23,146,447	0.069
1999	82,663,113	7,119,605	0.086	61,623,625	5,411,343	0.088	78,008,484	5,266,567	0.068	118,047,935	6,740,330	0.057	340,343,157	24,537,845	0.072
2000	82,726,767	7,325,820	0.089	66,753,182	6,012,919	0.090	84,999,341	5,994,845	0.071	125,849,768	7,298,309	0.058	360,329,058	26,631,893	0.074
2001	88,519,870	8,344,375	0.094	65,464,111	6,376,357	0.097	92,982,421	7,055,401	0.076	126,136,710	7,984,052	0.063	373,103,112	29,760,185	0.080
2002	94,460,229	9,565,888	0.101	65,221,814	6,861,715	0.105	95,028,551	7,887,707	0.083	127,708,904	8,589,799	0.067	382,419,498	32,905,108	0.086
2003	94,231,512	9,155,323	0.097	65,415,679	6,706,108	0.103	95,929,785	7,470,934	0.078	124,266,991	7,819,159	0.063	379,843,967	31,151,524	0.082
2004	94,941,293	9,250,770	0.097	70,386,420	7,076,181	0.101	94,456,491	7,237,815	0.077	129,641,594	8,023,212	0.062	389,425,798	31,587,979	0.081
2005	101,147,622	10,322,536	0.102	72,096,285	7,526,829	0.104	95,934,668	7,883,381	0.082	132,186,077	8,856,840	0.067	401,364,652	34,589,586	0.086
2006	91,267,630	12,088,909	0.132	71,952,626	9,449,201	0.131	92,955,211	11,132,663	0.120	132,988,724	12,971,590	0.098	389,164,191	45,642,363	0.117
2007	93,500,629	13,024,245	0.139	75,696,947	9,885,974	0.131	98,276,336	12,472,474	0.127	133,616,527	13,908,227	0.104	401,090,439	49,290,920	0.123

City of Newark, Delaware
Principal Electric Utility Customers
December 31, 2007

	Customer	Type of Business	2007			1998		
			Consumption (1)	Rank	Percentage of Total Consumption	Consumption (1)	Rank	Percentage of Total Consumption
	University of Delaware	Public University	133,616,527	1	33.31%	119,310,492	1	35.65%
	Rohm & Haas Electronics	Manufacturing	30,008,640	2	7.48%	14,423,678	3	4.31%
	Power Systems Composites LLC	Research & Development	6,301,008	3	1.57%	-	-	-
	E I Dupont De Nemours & Company	Chemicals and Synthetics	5,598,936	4	1.40%	16,498,546	2	4.93%
	ADVO, Inc.	Direct Advertising	4,100,880	5	1.02%	-	-	-
	Delaware Biotech Institute	Research	4,043,088	6	1.01%	-	-	-
	Pathmark, Inc.	Grocery Store	3,828,400	7	0.95%	-	-	-
	Verizon	Utility	3,051,720	8	0.76%	-	-	-
	Computer Science Corporation	Systems Consulting	2,678,160	9	0.67%	-	-	-
	Acme Markets	Grocery Store	2,595,600	10	0.65%	3,179,233	9	0.95%
	Cytec Fiberite, Inc.	Manufacturing	-	-	-	6,525,794	4	1.95%
	Astro Power, Inc.	Manufacturing	-	-	-	5,019,842	5	1.50%
	Lear Corporation	Manufacturing	-	-	-	4,283,598	6	1.28%
	Supermarkets General Corp.	Grocery Store	-	-	-	3,982,408	7	1.19%
	Christina School District	Public Schools	-	-	-	3,380,027	8	1.01%
	W L Gore, Inc.	Manufacturing	-	-	-	2,342,593	10	0.70%
			<u>195,822,959</u>		<u>48.82%</u>	<u>178,946,211</u>		<u>53.47%</u>

Note: (1) Consumptions are based on only those accounts with usage in excess of 20,000 KWH in a month.
Peak demand rate is not considered.

City of Newark, Delaware
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	General Obligation Bonds	General Obligation Bonds	Other Notes Payable				
1998	\$ 4,430,000	\$ -	\$ 225,481		\$ 4,655,481	N/A	\$	166
1999	4,010,000	-	204,792		4,214,792	N/A		148
2000	6,295,000 ¹	-	184,758		6,479,758	1.48%		227
2001	5,780,000	-	160,588		5,940,588	N/A		199
2002	5,300,000	18,600,000 ²	131,667		24,031,667	N/A		801
2003	4,820,000	17,925,000	101,059		22,846,059	N/A		759
2004	4,375,000	17,235,000	69,467		21,679,467	N/A		721
2005	3,870,000	16,525,000	37,528		20,432,528	N/A		680
2006	3,375,000	15,800,000	4,356		19,179,356	N/A		639
2007	2,885,000	15,055,000	-		17,940,000	N/A		594

Notes: ¹ \$2.7M General Obligation Bonds issued for an advance for the acquisition of a reservoir site and adjacent open space.

² \$18.6M General Obligation Bonds issued for the construction of a 318 million gallon water reservoir.

Sources: US Census Bureau Population Estimates Program (1998-1999 and 2001-2006) and Census 2000; Delaware Population Consortium projection (2007).
Newark Planning Department (2000 Personal Income)

City of Newark, Delaware
Ratios of General Bonded Debt Outstanding
To Taxable Assessed Value and Per Capita
Last Ten Fiscal Years

Fiscal Year	Total General Obligation Bonds and Notes Payable	Less: Amounts Available in Debt Service Fund	Net General Obligation Bonds and Notes Payable	Percentage of Total Taxable Assessed Value (1)	Per Capita
1998	\$ 4,655,481	\$ 237,189	\$ 4,418,292	0.62%	\$ 157
1999	4,214,792	250,201	3,964,591	0.55%	139
2000	6,479,758 ²	257,162	6,222,596	0.84%	218
2001	5,940,588	28,075	5,912,513	0.78%	198
2002	24,031,667 ³	20,476	24,011,191	3.12%	800
2003	22,846,059	18,795	22,827,264	2.93%	758
2004	21,679,467	46,303	21,633,164	2.74%	719
2005	20,432,528	46,619	20,385,909	2.57%	678
2006	19,179,356	46,618	19,132,738	2.39%	637
2007	17,940,000	46,618	17,893,382	2.21%	593

Notes:

¹ A City-wide reassessment of all real property was last conducted on July 1, 1985.

Real property is assessed at 100% of the 1983 market value.

² \$2.7M General Obligation Bonds issued for an advance for the acquisition of a reservoir site and adjacent open space.

³ \$18.6M General Obligation Bonds issued for the construction of a 318 million gallon water reservoir.

Sources:

City of Newark Finance Department (Taxable Assessments)

US Census Bureau Population Estimates Program (1998-1999 and 2001-2006) and Census 2000; Delaware Population Consortium projection (2007).

City of Newark, Delaware
Direct and Overlapping Governmental Activities Debt
December 31, 2007

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Newark</u>	<u>Amount Applicable to City of Newark</u>
New Castle County (1)	\$ 224,995,000	4.72% (1)	\$ 10,619,764
Christina School District (2)	<u>76,060,808</u>	8.31% (2)	<u>6,320,653</u>
Overlapping Debt	\$ 301,055,808		\$ 16,940,417
City of Newark	<u>17,940,000</u>	100.00%	<u>17,940,000</u>
Total Direct and Overlapping Debt	<u><u>\$ 318,995,808</u></u>		<u><u>\$ 34,880,417</u></u>

Sources: New Castle County Office of Finance, Christina School District,
and City of Newark Department of Finance.

- (1) Determined by dividing the taxable assessed valuation of the City of Newark (\$811,121,739) by the total taxable assessed valuation of New Castle County (\$17,198,482,000). Net Debt Outstanding is as of June 30, 2007.
- (2) Determined by dividing the students enrolled from the City of Newark (1,438) by the total student enrollment of the Christina School District (17,295). Net debt outstanding is as of June 30, 2007.

CITY OF NEWARK, DELAWARE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	71,105	71,878	73,434	75,679	76,982	78,026	79,010	79,427	80,126	81,112
Total net debt applicable to limit	4,418	3,965	6,223	5,913	24,011	22,827	21,633	20,386	19,133	17,893
Legal debt margin	66,687	67,913	67,211	69,766	52,971	55,199	57,377	59,041	60,993	63,219
Total net debt applicable to the limit as a percentage of debt limit	6.21%	5.52%	8.47%	7.81%	31.19%	29.26%	27.38%	25.67%	23.88%	22.06%

Legal Debt Margin for Fiscal Year 2007

Total Assessed Value	\$ 1,477,501
Less: exempt real property	(666,379)
Total assessed value	\$ 811,122
Debt limit (10% of taxable assessed value)	81,112
Debt applicable to limit:	
General obligation bonds	17,940
Less: Amount set aside for repayment of general obligation debt	(47)
Total net debt applicable to limit	17,893
Legal debt margin	\$ 63,219

Note: (1) In accordance with Section 407.1 of the City Charter, if general obligation bonds are issued, the total outstanding debt secured by such bonds shall not exceed ten (10) per centum of the assessed value of all the real estate subject to taxation located within the City. If revenue bonds are issued, each such bond shall recite in substance that said bond, including interest thereon, is payable from the revenue pledged to the payment thereof, and that said bond does not constitute a debt of the City of Newark within the meaning of the bonded indebtedness limitation.

City of Newark, Delaware
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of December 31									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government	37	38	39	40	40	40	40	41	41	41
Public Safety										
Police										
Officers	51	50	52	56	55	60	60	60	65	65
Civilian	21	22	24	21	25	20	19	20	21	22
Code Enforcement	13	13	13	13	13	13	13	13	13	13
Streets										
Engineering	11	11	11	12	12	12	11	11	11	11
Maintenance	12	12	12	12	13	13	13	13	13	13
Sanitation	17	17	17	17	17	17	16	16	15	15
Culture and Recreation	18	18	18	18	18	19	19	19	19	20
Electric	20	20	20	20	20	20	20	21	21	21
Water & Wastewater	19	19	19	19	19	19	19	19	19	19
Parking	-	4	4	4	4	4	4	4	4	4
Fleet Maintenance	6	6	6	6	6	6	6	6	6	6
Total	225	230	235	238	242	243	240	243	248	250

Source: City's Personnel Office.

City of Newark, Delaware
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	25	26	26	27	28	29	29	33	33
Sanitation										
Collection trucks	14	14	14	14	14	14	14	14	16	16
Streets										
Miles of streets	62.90	62.68	63.82	64.68	64.79	64.80	65.01	65.16	65.16	65.26
Street lights	2,470	2,470	2,480	2,520	2,570	2,590	2,600	2,615	2,640	2,640
Traffic signals	53	53	52	52	53	55	55	55	55	52
Culture and recreation										
Parks acreage	410.2	410.2	410.2	445.2	558.68	558.68	562.88	562.88	567.18	619.2
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis and basketball courts	35	35	35	35	35	35	37	37	37	37
Community centers	1	1	1	1	1	1	1	1	1	1
Electric										
Distribution substations	23	24	25	25	25	25	25	25	25	25
Miles of service lines	100	100	101	103	104	104	104	104	104	105
Water										
Water mains (miles)	161	162	163	165	166	169	169	169	170	171
Wells in operation	9	9	9	9	9	7	7	7	11	11
Maximum daily capacity (gal)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.5 Mil
Sewer										
Sanitary sewers (miles)	95	96	96	96	96	97	97	98	98	99
Storm sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	58.77
Parking										
Meters maintained	394	394	397	397	390	395	391	391	370	370

Sources: Various city departments.